

CRYPTOSTAR CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in US dollars)

Notice of No Auditors Review of Condensed Interim Consolidated Financial Statements

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

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

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

CRYPTOSTAR CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

Condensed Interim Consolidated Financial Statements (Unaudited)

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CRYPTOSTAR CORP.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
As at September 30, 2022 and December 31, 2021
(Expressed in US dollars)

	Note	As at September 30, 2022 \$	As at December 31, 2021 \$
Assets			
Current assets			
Cash		2,453,273	7,050,129
Accounts receivable and others	15	23,342	296,111
Deposits and prepaid expenses	4	137,277	1,764,747
Inventory	5	789,501	1,064,059
Digital currencies	6	2,255,134	5,160,817
Total current assets		5,658,527	15,335,863
Property and equipment	7	15,822,184	15,703,331
Intangible assets	8	951,445	1,176,726
Right-of-use assets	9	2,348,795	1,574,306
Deposits	4	913,790	246,969
Long-term receivable	10	2,341,085	2,341,085
Goodwill		309,081	329,722
Total assets		28,344,907	36,708,002
Liabilities and shareholders' equity			
Current liabilities			
Trade payable and accrued liabilities		344,115	794,572
Advances from customers	11	696,350	2,177,000
Income tax payable		—	141,470
Payable to related party	12	1,966,604	1,966,604
Lease obligations	9	481,409	216,224
Decommission cost	13	—	50,000
Total current liabilities		3,488,478	5,345,870
Lease obligations	9	2,200,066	1,848,644
Decommission cost	13	377,251	50,000
Total liabilities		6,065,795	7,244,514
Shareholders' equity			
Share capital	14	37,253,870	36,956,205
Shareholder contribution		3,292,725	3,292,725
Warrant and option reserve	14	19,593,126	19,460,020
Deficit		(37,818,830)	(30,421,914)
Accumulated other comprehensive (loss) income		(41,779)	176,452
Total shareholders' equity		22,279,112	29,463,488
Total liabilities and shareholders' equity		28,344,907	36,708,002

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Approved on behalf of the Board of Directors on November 28, 2022

/s/Aly Madhavji

Director

/s/Amelia Jones

Director

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

CRYPTOSTAR CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Revenue					
Digital assets mined	6	882,505	1,157,582	2,872,785	1,733,865
Hosting income		538,141	341,400	1,502,953	389,400
Sales of miners		—	—	14,454	27,912
Total revenue		1,420,646	1,498,982	4,390,192	2,151,177
Cost of revenue					
Cost of miners sold		—	—	(8,543)	(25,121)
Site operating costs		(743,843)	(116,301)	(1,537,900)	(191,803)
Amortization of intangible assets	8	(75,093)	(147,006)	(225,281)	(441,021)
Depreciation of right-of-use assets	9	(107,560)	(81,424)	(286,313)	(244,272)
Depreciation of property and equipment	7	(1,298,494)	(1,156,016)	(3,593,650)	(2,639,881)
Gross loss		(804,344)	(1,765)	(1,261,495)	(1,390,921)
Realized gain (loss) on digital currencies	6	(540,540)	—	(2,185,134)	1,339
Net loss before operating expenses		(1,344,884)	(1,765)	(3,446,629)	(1,389,582)
Operating expenses					
Interest and bank charges		2,219	2,101	6,550	7,948
Management fees, salaries and wages	12	203,616	220,272	628,037	456,600
Share based compensation	12	82,898	120,784	196,098	1,041,400
Office and administration		241,922	46,046	489,160	252,836
Professional fees		138,054	54,413	397,202	523,865
Total operating expenses		668,709	443,616	1,717,047	2,282,649
Net loss before other items		(2,013,593)	(445,381)	(5,163,676)	(3,672,231)
Other income (expense)					
Foreign exchange gain (loss)		8,215	(216,246)	(136,542)	(68,519)
Interest expense on lease obligations	9	(70,537)	(59,084)	(191,499)	(179,291)
Write down of inventory	5	—	—	(266,015)	—
Unrealized gain (loss) on revaluation of digital currencies	6	732,487	—	(1,591,029)	—
Interest income (expense), net	4 & 12	(52,733)	3,543	(48,155)	4,945
Other income		—	—	—	128,933
Net loss		(1,396,161)	(717,168)	(7,396,916)	(3,786,163)
Revaluation gain (loss) on digital currencies	6	—	395,669	(176,301)	105,467
Currency translation loss		(60,881)	—	(41,930)	—
Net comprehensive loss		(1,457,042)	(321,499)	(7,615,147)	(3,680,696)
Loss per share, basic and diluted		(0.003)	(0.002)	(0.017)	(0.011)
Weighted average shares, basic and diluted		429,016,069	411,230,738	427,626,093	358,713,245

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

CRYPTOSTAR CORP.
Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

	Note	Share Capital		Shareholder Contribution	Warrant and Option Reserve	Shares to be Issued	Subscription Receivable	Deficit	Accumulated Other Comprehensive (Loss) Income	Total
		Shares Issued	Amount \$							
As at December 31, 2020		242,793,300	22,162,835	2,844,777	5,311,528	—	(118,318)	(26,958,729)	—	3,242,093
Private placement		143,693,334	13,813,170	—	14,508,395	—	118,318	—	—	28,439,883
Issuance cost		—	(3,098,434)	—	—	—	—	—	—	(3,098,434)
Share based payment		5,927,151	—	—	—	1,122,031	—	—	—	1,122,031
Issuance of shares and warrants		—	674,083	447,948	—	(1,122,031)	—	—	—	—
Finder fees		355,629	62,235	—	41,357	—	—	—	—	103,592
Exercise of warrants and options		27,608,390	3,040,850	—	(1,489,981)	—	—	—	—	1,550,869
Share based compensation		—	—	—	1,041,400	—	—	—	—	1,041,400
Other comprehensive income		—	—	—	—	—	—	—	105,467	105,467
Net loss for the period		—	—	—	—	—	—	(3,786,163)	—	(3,786,163)
As at September 30, 2021		420,377,804	36,654,739	3,292,725	19,412,699	—	—	(30,744,892)	105,467	28,720,738
As at December 31, 2021		425,077,804	36,956,205	3,292,725	19,460,020	—	—	(30,421,914)	176,452	29,463,488
Share based compensation	12	—	—	—	196,098	—	—	—	—	196,098
Exercise of warrant and options	14	3,938,265	297,665	—	(62,992)	—	—	—	—	234,673
Net loss for the period		—	—	—	—	—	—	(7,396,916)	—	(7,396,916)
Other comprehensive loss	6	—	—	—	—	—	—	—	(176,301)	(176,301)
Unrealized loss on currency translation		—	—	—	—	—	—	—	(41,930)	(41,930)
As at September 30, 2022		429,016,069	37,253,870	3,292,725	19,593,126	—	—	(37,818,830)	(41,779)	22,279,112

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

CRYPTOSTAR CORP.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

	For the Nine Months Ended September 30,	
	2022	2021
	\$	\$
Operating activities		
Net loss for the period	(7,396,916)	(3,786,163)
Adjusted for:		
Depreciation of property and equipment	3,593,650	2,639,881
Amortization of intangible assets	225,281	441,021
Income from mining of digital currencies	(2,872,785)	(1,733,865)
Purchase of digital currencies	—	(1,199,452)
Proceeds from sale of digital currencies	1,826,004	48,507
Realized loss (gain) on digital currencies	2,185,134	(1,339)
Revaluation loss on digital currencies	1,591,029	—
Share based compensation	196,098	1,041,400
Other income	—	(53,117)
Write down of inventory	266,015	—
Depreciation of right-of-use assets	286,313	244,272
Interest expense on lease obligations	191,499	179,291
Accretion expense	52,733	—
Foreign exchange loss (gain) on right-of-use assets and lease obligations	(984)	301
Changes in non-cash working capital items:		
Accounts receivable and others	272,393	(223,543)
Deposits and prepaid expenses	(115,549)	(4,304,938)
Inventory	8,543	—
Trade payable and accrued liabilities	(448,783)	2,371,713
Advances from customers	(1,480,650)	3,486,000
Income tax payable	(139,816)	—
Cash used in operating activities	(1,760,791)	(850,031)
Investing activities		
Purchases of property and equipment, net of deposits	(2,101,434)	(7,684,650)
Deposits made for mining equipment	—	(781,800)
Deposits	(719,554)	(45,937)
Cash used in investing activities	(2,820,988)	(8,512,387)
Financing activities		
Advances received from related party	—	76,760
Repayment of advances to related party	—	(1,678,779)
Payment of lease obligations	(357,459)	(273,057)
Subscription liability	—	(287,244)
Proceeds from issuance of share units, net of cash issuance costs	—	25,341,449
Proceeds from share issuance and warrants	234,673	1,550,869
Cash (used in) provided by financing activities	(122,786)	24,729,998
Effect of foreign exchange on cash	107,709	—
Net change in cash during the period	(4,596,856)	15,367,580
Cash, beginning of the period	7,050,129	402,409
Cash, end of the period	2,453,273	15,769,989
<i>Supplemental cash flow information:</i>		
Interest paid	(191,499)	(179,291)
<i>Non-cash transaction:</i>		
Property and equipment purchased through share based payment	—	(1,225,623)

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

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

1. NATURE OF OPERATIONS

CryptoStar Corp. was incorporated under the Ontario Business Corporations Act on January 6, 2017. The registered and head office of the Company is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada M5J 2T3. CryptoStar Corp.'s common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CSTR" and the OTCQB Venture Market under the trading symbol "CSTXF".

CryptoStar Corp. and its subsidiaries ("CryptoStar" or 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 and Ethereum). The Company also provides equipment hosting services to customers worldwide, for which services the Company receives hosting fees, as well as sells miners to customers.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of Compliance

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the annual audited consolidated financial statements; thus, these condensed interim consolidated financial statements are referred to as condensed. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020.

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 are expressed in US dollars and follow the same accounting policies and methods of their application as set out in the audited consolidated financial statements for the years ended December 31, 2021 and 2020. These condensed interim consolidated financial statements comply with International Accounting Standard 34, Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and reflect all adjustments which are necessary for a fair statement of the results for the interim periods presented.

The condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2022 comprise the Company and its wholly owned subsidiaries: CryptoStar Holdings Inc. ("CHI"), CryptoStar USA, Inc. ("CryptoStar USA") and Neuro Digital Inc. ("Neuro Digital").

The Board of Directors approved these condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 on November 28, 2022.

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. For comparative purposes, the Company has reclassified certain immaterial items on the comparative condensed interim consolidated statement of financial position, condensed interim consolidated statements of loss and comprehensive loss, condensed interim consolidated statements of changes in equity and condensed interim consolidated statements of cash flows to conform with the current period's presentation.

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in US dollars, which is the functional currency of certain of the Company's subsidiaries. The functional currency of the acquired subsidiary (Neuro Digital) is the Canadian dollar.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each condensed interim consolidated 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 profit and loss.

Assets and liabilities of a subsidiary having a functional currency other than the US dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are presented as a translation adjustment under other comprehensive income or loss, a component of equity.

Basis of Consolidation

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 include the accounts of the Company, its wholly owned subsidiaries, and entities over which the Company has control as defined in IFRS 10. Entities over which the Company has control are presented on a consolidated basis from the date control commences. Control, as defined in IFRS 10 for purposes of determining the consolidated basis of financial statement presentation, exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power and rights in respect of the entity. All of the consolidated entities were under control, as defined in IFRS 10 for purposes of determining the consolidated basis of financial statement presentation, during the entirety of the periods for which their respective results of operations were included in the condensed interim consolidated statements. All intercompany balances and transactions are eliminated on consolidation. The Company's subsidiaries were CryptoStar Holdings Inc., CryptoStar USA, Inc. and Neuro Digital Inc., each being wholly owned.

3. CHANGES IN ACCOUNTING STANDARDS

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 31, 2022 and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements (unaudited).

Improving Accounting Policy Disclosures and Clarifying Distinction between Accounting Policies and Accounting Estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”), IFRS Practice Statement 2 – Making Materiality Judgments (“IFRS Practice Statement 2”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”).

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

3. CHANGES IN ACCOUNTING STANDARDS (continued)

Standards, Amendments and Interpretations Issued but not yet Adopted (continued)

Improving Accounting Policy Disclosures and Clarifying Distinction between Accounting Policies and Accounting Estimates (Amendments to IAS 1 and IAS 8) (continued)

The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

IAS 12: Amendment to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Company is assessing the potential impact of the amendment.

4. DEPOSITS AND PREPAID EXPENSES

	September 30, 2022	December 31, 2021
	\$	\$
Current:		
Prepayments	134,284	18,735
Deposits made for mining equipment	2,993	1,746,012
	137,277	1,764,747
Long-term:		
Deposits	913,790	246,969
Total deposits and prepaid expenses	1,051,067	2,011,716

The Company made security deposit payments of \$340,000 to the property owner of one of its property leases pursuant to a lease amendment, with the amount to be refunded on the expiry of the lease. The Company determined the fair value of the deposit, including the existing \$10,000 security deposit, to be \$297,267 by discounting the total amount using a discount rate of 3.32% over the estimated term of the lease. Accordingly, the Company recorded a day-one loss of \$52,733 included under interest expense in the condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2022, to be accreted over the estimated lease term.

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

5. INVENTORY

Inventory represents mining equipment purchased by the Company with the intention to sell. Accordingly, the mining equipment is classified as inventory. There was a write down of inventory to its estimated net realizable value during the three and nine months ended September 30, 2022 of \$Nil (September 30, 2021 – \$Nil) and \$266,015, respectively (September 30, 2021 – \$Nil).

6. DIGITAL CURRENCIES

Digital currencies consist primarily of Bitcoin and Ethereum. Below is a continuity of digital currencies mined, acquired through purchase, sold and fair valued during the three and nine months ended September 30, 2022 and the year ended December 31, 2021.

	September 30, 2022		December 31, 2021	
	Number	\$	Number	\$
Bitcoin				
Balance, beginning of the period	78.20	3,692,873	0.12	1,965
Mined additions	71.74	2,010,871	50.47	2,517,402
Bitcoin sold	(72.17)	(1,527,758)	(0.96)	(42,268)
Bitcoin bought	—	—	28.57	1,192,453
Realized (loss) gain on digital currency	—	(1,805,216)	—	1,339
Revaluation (loss) gain on digital currency	—	(847,625)	—	21,982
Balance, end of the period	77.77	1,523,145	78.20	3,692,873
Ethereum				
Balance, beginning of the period	399.36	1,467,944	—	—
Mined additions	390.21	861,914	398.93	1,312,865
Ethereum sold	(238.66)	(298,246)	(3.52)	(6,239)
Ethereum bought	—	—	3.95	6,999
Realized loss on digital currency	—	(379,918)	—	—
Revaluation (loss) gain on digital currency	—	(919,705)	—	154,319
Balance, end of the period	550.91	731,989	399.36	1,467,944
Total digital currencies		2,255,134		5,160,817

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on www.bitcoincharts.com and www.coinmarketcap.com.

During the three and nine months ended September 30, 2022, the Company mined digital currencies of \$882,505 (September 30, 2021 - \$1,157,582) and \$2,872,785 (September 30, 2021 – \$1,733,865), respectively.

As at September 30, 2022, there was a revaluation loss on digital currencies of \$1,767,330, which was adjusted against revaluation gain of \$176,301 included in equity under accumulated other comprehensive (loss) income and the remaining balance of \$1,591,029 was recorded as a loss in the condensed interim consolidated statement of loss and comprehensive loss.

During the nine months ended September 30, 2022, the Company disposed of 72.17 Bitcoins and 238.66 Ethereum for \$1,527,758 and \$298,246, respectively, and realized a loss of \$2,185,134 (September 30, 2021 – 0.96 Bitcoins and 3.52 Ethereum for \$42,268 and \$6,239, respectively, and realized a gain of \$1,339).

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

7. PROPERTY AND EQUIPMENT

	Mining Equipment \$	Other Property and Equipment \$	Construction in Progress \$	Total \$
Cost				
Balance, December 31, 2020	195,840	11,524,371	291,811	12,012,022
Additions	8,666,643	203,911	3,649,103	12,519,657
Disposals	(14,725)	—	—	(14,725)
Assets acquired from business combination	1,513,677	68,420	—	1,582,097
Balance, December 31, 2021	10,361,435	11,796,702	3,940,914	26,099,051
Additions	3,178,465	—	691,483	3,869,948
Balance, September 30, 2022	13,539,900	11,796,702	4,632,397	29,968,999
Accumulated depreciation				
Balance, December 31, 2020	143,203	6,716,163	—	6,859,366
Depreciation	1,514,899	2,021,455	—	3,536,354
Balance, December 31, 2021	1,658,102	8,737,618	—	10,395,720
Depreciation	3,178,744	414,906	—	3,593,650
Effect of foreign exchange	157,445	—	—	157,445
Balance, September 30, 2022	4,994,291	9,152,524	—	14,146,815
Net book value				
As at September 30, 2022	8,545,609	2,644,178	4,632,397	15,822,184
As at December 31, 2021	8,703,333	3,059,084	3,940,914	15,703,331

Construction in progress is related to the construction of data centres and data centre components. No depreciation has been charged on the construction in progress as the assets are not in use or are not ready for their intended use as of September 30, 2022 and December 31, 2021.

CRYPTOSTAR CORP.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in US dollars)

8. INTANGIBLE ASSETS

	\$
Cost	
Balance, December 31, 2020	2,940,141
Transfer to long-term receivable	(1,438,265)
Balance, December 31, 2021	1,501,876
Addition	—
Balance, September 30, 2022	1,501,876
Accumulated amortization	
Balance, December 31, 2020	216,544
Amortization	588,028
Transfer to long-term receivable	(479,422)
Balance, December 31, 2021	325,150
Amortization	225,281
Balance, September 30, 2022	550,431
Net book value	
As at September 30, 2022	951,445
As at December 31, 2021	1,176,726

9. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

	September 30, 2022	December 31, 2021
	\$	\$
Right-of-use Assets		
Cost		
Balance, beginning of the period	2,598,151	2,598,151
Lease additions	1,060,180	—
Balance, end of the period	3,658,331	2,598,151
Accumulated Depreciation		
Balance, beginning of the period	1,023,845	698,824
Depreciation	286,313	325,481
Exchange gain	(622)	(460)
Balance, end of the period	1,309,536	1,023,845
Net book value, end of the period	2,348,795	1,574,306

On August 1, 2022, the Company amended the extension clause of one of its lease agreements in Utah, USA. Pursuant to the amendment, the lease period was extended from September 30, 2022 to September 30, 2027, with a further five-year extension option available. The right-of-use assets and lease liabilities were remeasured on the date of the amendment using a discount rate, representing the incremental borrowing rate, of 12% per annum. The modification did not result in any gain or loss.

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9. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (continued)

	September 30, 2022	December 31, 2021
	\$	\$
Lease Obligations		
Balance, beginning of the period	2,064,868	2,190,900
Addition	782,929	—
Interest accretion	191,499	237,503
Lease payments	(357,459)	(363,175)
Exchange gain	(362)	(360)
Balance, end of the period	2,681,475	2,064,868
Current lease obligations	481,409	216,224
Non-current lease obligations	2,200,066	1,848,644
Balance, end of the period	2,681,475	2,064,868

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2022:

	\$
Undiscounted lease obligations	
Less than one year	633,683
One to two years	654,473
Two to three years	670,285
Three to four years	689,998
More than four years	952,866
Total undiscounted lease obligations	3,601,305
Impact of discounting	(927,759)
Exchange loss	7,929
Total lease obligations	2,681,475

The following table presents the contractual undiscounted cash flows for lease obligations as at December 31, 2021:

	\$
Undiscounted lease obligations	
Less than one year	439,043
One to two years	444,241
Two to three years	459,311
Three to four years	461,669
More than four years	1,118,642
Total undiscounted lease obligations	2,922,906
Impact of discounting	(858,035)
Exchange gain	(3)
Total lease obligations	2,064,868

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10. LONG-TERM RECEIVABLE

The Company transferred \$2,341,085 of amounts related to Avila Exploration & Development Canada Ltd. and 611890 Alberta Inc. DBA Avila Energy (“Avila”) that were previously included in prepaid expenses (\$1,382,242) and intangible assets (\$958,843) to long-term receivable during the year ended December 31, 2021.

The Company commenced litigation against Avila et al. with respect to the non-compliance with terms of the power supply agreement as a result of delays to the deployment dates and failure to delivery power pursuant to the power supply agreement.

In 2021, the Company was advised by Avila that Avila’s natural gas power generation site in Alberta, Canada had been shut down.

Litigation against Avila et al. is ongoing with respect to the non-compliance with terms of the power supply agreement.

The Company anticipates that it will recover amounts in long-term receivables in the form of damages.

11. ADVANCES FROM CUSTOMERS

The Company received security deposits and prepayments from customers pursuant to various equipment hosting agreements executed by the Company (the “Equipment Hosting Agreements”) in Utah, USA and Alberta, Canada. Under the terms of the Equipment Hosting Agreements, the Company would provide hosting services and infrastructure to the customers. During the nine months ended September 30, 2022, the Company terminated the Equipment Hosting Agreements related to Alberta, Canada and repaid the security deposits.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Payable to Related Party

The balance of \$1,966,604 payable to related party as at September 30, 2022 and December 31, 2021 represents the amount advanced under a line of credit provided by A.C.N 117 402 838 PTY LTD (“ACN”) on December 22, 2017. The available line of credit totals \$4,000,000, is unsecured, bears interest at 12% per annum and is repayable on December 22, 2022. Interest on the time of credit can be waived at any point at the sole discretion of ACN. ACN waived the interest charge on the line of credit for the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021 – \$Nil). During the three and nine months ended September 30, 2022, the Company did not obtain an additional loan or make repayments (September 30, 2021 – additional loan of \$76,760 and repayment of \$1,678,779).

Key Management Remuneration

Management fees, salaries and wages comprise amounts paid to key management personnel, including officers and directors of ACN, for services provided. Key management remuneration paid to key management personnel and directors during the three and nine months ended September 30, 2022 was \$114,443 (September 30, 2021 – \$125,907) and \$364,503 (September 30, 2021 – \$353,927), respectively.

On May 3, 2021, the Company granted 2,000,000 stock options under the Company’s stock option plan to an officer of the Company. These options have an exercise price of CAD\$0.28 per stock option, and an expiry date of May 3, 2031. The options vest in equal 25% tranches in each of August 2021, March 2022, October 2022 and May 2023. Share based compensation related to these options during the three and nine months ended September 30, 2022 was \$32,684 (September 30, 2021 – \$120,784) and \$129,145 (September 30, 2021 – \$220,309), respectively.

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12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key Management Remuneration (continued)

On June 17, 2022, the Company granted 5,000,000 stock options under the Company's stock option plan to an officer of the Company. 2,500,000 of these options have an exercise price of CAD\$0.05 per stock option and 2,500,000 of these options have an exercise price of CAD\$0.10. These options have an expiry date of June 17, 2032. The options vest in equal 25% tranches in each of September 2022, April 2023, November 2023 and June 2024. Share based compensation related to these options during the three and nine months ended September 30, 2022 was \$50,214 (September 30, 2021 – \$Nil) and \$66,953 (September 30, 2021 – \$Nil).

The Company paid directors fees during the three and nine months ended September 30, 2022 of \$14,956 (September 30, 2021 – \$16,271) and \$47,540 (September 30, 2021 – \$32,800), respectively.

Included in trade payable and accrued liabilities was \$14,956 payable to the directors of the Company for the director fees for the three months ended September 30, 2022 (September 30, 2021 – \$16,271).

The remuneration of key management personnel paid by ACN on the Company's behalf during the three and nine months ended September 30, 2022 was \$67,277 (September 30, 2021 – \$75,918) and \$215,242 (September 30, 2021 – \$231,394), respectively.

Related Party Transactions

On May 4, 2021, an employee of the Company exercised 10,000,000 stocks options. These options had an exercise price of CAD \$0.05 per stock option. The Company recorded an amount receivable from the employee for half of the exercised stock options with the amount to be repaid in full no later than May 2022. Interest equal to 2% above the prime rate of interest charged by Royal Bank of Canada on Canadian dollar commercial loans was charged by the Company to the employee on the amount receivable. As at September 30, 2022, the employee had repaid the amount receivable and accrued interest. The Company earned interest income related to this loan during the three months and nine months ended September 30, 2022 of \$Nil (September 30, 2021 – \$3,543) and \$4,578 (September 30, 2021 – \$4,945), respectively.

13. DECOMMISSION COST

The Company has recorded the decommissioning liability for the site restoration. The Company recorded a liability with a corresponding adjustment to the cost of the right-of-use assets. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Reviews of estimated future decommissioning and restoration costs and the discount rate applied are carried out regularly. During the three and nine months ended September 30, 2022, the Company amended the extension clause of one of its lease agreements in Utah, USA. Pursuant to the amendment, the lease period was extended from September 30, 2022, to September 30, 2027, with a further five-year extension option available.

As at September 30, 2022, due to the lease amendment described above, the Company reassessed and revised the expected cost to settle the obligation using the estimated cash outflows. Accordingly, the Company increased the decommission liability by \$277,251 with a corresponding increase in right-of-use assets, to be amortized over the term of the lease. As a result, the Company has reclassified the associated decommission liability from current to long-term.

As at September 30, 2022, the Company has used the following assumptions to reassess the original liability:

- Inflation rate – 2.7% to 6.9% based on useful life
- Discount rate – 3.32%
- Useful life – 5 to 6 years

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14. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued and Outstanding

The Company issued a total 3,938,265 common shares during the nine months ended September 30, 2022. The total outstanding number of shares as at September 30, 2022 was 429,016,069 (December 31, 2021 – 425,077,804).

Stock Option Plan

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant stock options to key management personnel, including officers and directors.

In connection with the foregoing options, the number of common shares reserved for issuance to any individual will not exceed five percent (5%) of the issued and outstanding common shares and to an Insider will not exceed ten percent (10%) of the issued and outstanding common shares. In the event of consultants and individuals conducting investor relations, the number of common shares reserved for issuance will not exceed two percent (2%) of the issued and outstanding common shares.

On May 3, 2021, the Company granted an aggregate of 2,000,000 stock options under the Company's stock option plan to an officer of the Company. These options have an exercise price of CAD\$0.28 per stock option, and an expiry date of May 3, 2031. The options vest equally over four dates in August 2021, March 2022, October 2022 and May 2023. The fair value of these stock options of \$456,050 was determined using the Black-Scholes pricing model. Share based compensation related to these options during the three and nine months ended September 30, 2022 was \$32,684 (September 30, 2021 – \$120,784) and \$129,145 (September 30, 2021 – \$220,309), respectively.

On June 17, 2022, the Company granted an aggregate of 5,000,000 stock options under the Company's stock option plan to an officer of the Company. 2,500,000 of these options have an exercise price of CAD\$0.05 per stock option and 2,500,000 of these options have an exercise price of CAD\$0.10. These options have an expiry date of June 17, 2032. The options vest equally over four dates in September 2022, April 2023, November 2023 and June 2024. The fair value of these stock options at grant date was \$153,398 and was determined using the Black-Scholes pricing model. Share based compensation related to these options during the three and nine months ended September 30, 2022 was \$50,214 (September 30, 2021 – \$Nil) and \$66,953 (September 30, 2021 – \$Nil).

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14. SHARE CAPITAL (continued)

Stock Option Plan (continued)

	Number of Options	Exercise Price CAD\$	Expiry Date
Balance, December 31, 2020	20,850,000		
Granted on February 3, 2021	10,000,000	0.10	03-Feb-31
Granted on May 3, 2021	2,000,000	0.28	03-May-31
Expired on August 14, 2021	(360,000)	0.50	14-Aug-21
Exercised on February 18, 2021	(1,200,000)	0.05	14-Aug-21
Exercised on February 19, 2021	(600,000)	0.05	14-Aug-21
Exercised on February 24, 2021	(600,000)	0.05	14-Aug-21
Exercised on March 1, 2021	(122,890)	0.05	20-Dec-28
Exercised on May 4, 2021	(5,000,000)	0.05	20-Dec-28
Exercised on May 4, 2021	(5,000,000)	0.05	23-Nov-30
Exercised on June 25, 2021	(600,000)	0.05	14-Aug-30
Exercised on June 25, 2021	(2,200,000)	0.10	03-Feb-31
Exercised on August 31, 2021	(750,000)	0.05	20-Dec-28
Balance, December 31, 2021	16,417,110		
Granted on June 17, 2022	2,500,000	0.05	17-Jun-32
Granted on June 17, 2022	2,500,000	0.10	17-Jun-32
Balance, September 30, 2022	21,417,110		

The following table summarizes the stock options exercisable as at September 30, 2022:

Exercise Price CAD\$	Number of Outstanding Options	Number of Exercisable Options	Expiry Date	Remaining Contractual Life (Years)
0.135	250,000	250,000	18-Jul-24	1.80
0.500	2,240,000	2,240,000	26-Sep-28	5.99
0.050	4,127,110	4,127,110	20-Dec-28	6.23
0.100	7,800,000	7,800,000	03-Feb-31	8.35
0.280	2,000,000	1,000,000	03-May-31	8.59
0.050	2,500,000	625,000	17-Jun-32	9.72
0.100	2,500,000	625,000	17-Jun-32	9.72
0.144	21,417,110	16,667,110		7.96

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14. SHARE CAPITAL (continued)

Stock Option Plan (continued)

The following table summarizes the stock options exercisable as at December 31, 2021:

Exercise Price CAD\$	Number of Outstanding Options	Number of Exercisable Options	Expiry Date	Remaining Contractual Life (Years)
0.135	250,000	250,000	18-Jul-24	2.55
0.500	2,240,000	2,240,000	26-Sep-28	6.74
0.050	4,127,110	4,127,110	20-Dec-28	6.98
0.100	7,800,000	7,800,000	03-Feb-31	9.10
0.280	2,000,000	500,000	03-May-31	9.34
0.160	16,417,110	14,917,110		8.17

The fair value of options granted on June 17, 2022 was calculated using the Black-Scholes option pricing model with the following assumptions:

- Share price on grant date – CAD\$0.04
- Exercise price – CAD\$0.05 for 2,500,000 options and CAD\$0.10 for 2,500,000 options
- Risk-free interest rate – 3.41%
- Forfeiture rate – 0%
- Expected dividend yield – 0%
- Expected option life (years) – 10
- Expected stock price volatility – 235.33%

Warrants

During the three and nine months ended September 30, 2022, no new warrants were issued.

Warrants - Issued and Outstanding	Number
Balance, December 31, 2020	41,750,500
Addition	155,809,447
Expired	(10,000,000)
Exercised	(16,235,500)
Balance, December 31, 2021	171,324,447
Addition	—
Expired	(41,861,735)
Exercised	(3,938,265)
Balance, September 30, 2022	125,524,447

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14. SHARE CAPITAL (continued)

Warrants (continued)

The following table summarizes the warrants exercisable as at September 30, 2022:

Exercise Price CAD\$	Number of Outstanding and Exercisable Warrants	Expiry Date	Remaining Contractual Life (Years)
0.27	30,075,000	21-Oct-22	0.06
0.36	6,282,780	24-Feb-23	0.40
0.40	83,333,334	16-Sep-24	1.96
0.375	5,833,333	16-Sep-24	1.96
0.366	125,524,447		1.43

The following table summarizes the warrants exercisable as at December 31, 2021:

Exercise Price CAD\$	Number of Outstanding and Exercisable Warrants	Expiry Date	Remaining Contractual Life (Years)
0.075	5,000,000	07-Apr-22	0.27
0.075	20,000,000	23-Jun-22	0.48
0.075	2,800,000	29-Jul-22	0.58
0.15	18,000,000	04-Sep-22	0.68
0.27	30,075,000	21-Oct-22	0.81
0.36	6,282,780	24-Feb-23	1.15
0.40	83,333,334	16-Sep-24	2.71
0.375	5,833,333	16-Sep-24	2.71
0.296	171,324,447		1.74

15. 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 and Concentration of 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. Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers. The bank balances are deposited with high credit rated banks; therefore, the credit risk is limited. The Company has established procedures to manage credit exposure including credit approvals and credit limits. These procedures are mainly due to the Company's internal guidelines. An allowance for potential doubtful receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on delinquent receivables.

The Company is exposed to credit risk on its accounts receivable and others which has a balance of \$23,342 as at September 30, 2022 (December 31, 2021 – \$296,111).

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk and Concentration of Credit Risk (continued)

As at September 30, 2022, 90% of the Company's accounts receivable and others balance was due from a third-party (46%) and two customers (31% and 13%, respectively), each representing more than 10% of trade and other receivables (December 31, 2021 – 90% of the Company's accounts receivable and others balance was due from a customer (20%) and an employee (70%), each representing more than 10% of the trade and other receivables).

	0-30 days \$	31-90 days \$	91+ days \$	Total \$
Accounts receivable and others	3,802	—	19,540	23,342

An allowance for potential doubtful receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on delinquent receivables.

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. In recent years, the digital currency markets experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

As at September 30, 2022, the contractual maturities of financial liabilities were as follows:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 Year \$	1 to 2 Years \$	2 to 3 Years \$	3 to 4 Years \$	4+ Years \$
Trade payable and accrued liabilities	344,115	344,115	344,115	—	—	—	—
Lease obligations	2,681,475	3,601,305	633,683	654,473	670,285	689,998	952,866
Payable to related parties	1,966,604	1,966,604	1,966,604	—	—	—	—
Decommission cost	377,251	377,251	—	—	—	—	377,251
Total	5,369,445	6,289,275	2,944,402	654,473	670,285	689,998	1,330,117

As at December 31, 2021, the contractual maturities of financial liabilities were as follows:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 Year \$	1 to 2 Years \$	2 to 3 Years \$	3 to 4 Years \$	4+ Years \$
Trade payable and accrued liabilities	794,572	794,572	794,572	—	—	—	—
Lease obligations	2,064,868	2,922,906	439,043	444,241	459,311	461,669	1,118,642
Payable to related parties	1,966,604	1,966,604	1,966,604	—	—	—	—
Decommission cost	100,000	100,000	50,000	50,000	—	—	—
Total	4,926,044	5,784,082	3,250,219	494,241	459,311	461,669	1,118,642

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 following table summarizes the Canadian dollar-based assets and liabilities as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	\$	\$
Cash	2,088,231	6,463,186
Accounts receivable and others	5,270	207,534
Deposits	368,196	14,817
Trade payable and accrued liabilities	(243,507)	(341,673)
Income tax payable	—	(141,470)
Lease obligations	(467,057)	(441,665)
Total	1,751,133	5,760,729

The overall effect on earnings before tax of a 10% strengthening or weakening of the Canadian dollar against the US dollar at the balance sheet date on the above net assets, with all other variables held constant, is \$240,013 (December 31, 2021 – \$728,108).

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 values of the Company's cash, accounts receivable and others, trade payable and accrued liabilities, decommission cost and payable to related party approximate their carrying values due to the short-term nature of these instruments.

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly from observable market data; and

Level 3: Inputs that are not based on observable market data.

The Company's cash has been classified as Level 1 and is accounted for through fair value through profit or loss.

16. DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on www.bitcoincharts.com and www.coinmarketcap.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 digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currency sales.

Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performances of digital currencies are not indicative of their future price performance. The Company's digital currencies consist primarily of Bitcoin and Ethereum. 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 as of September 30, 2022 would be \$563,784 (December 31, 2021 – \$1,290,204).

Covid-19

The outbreak of Covid-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the pandemic continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the pandemic may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease.

17. 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, shareholder contribution, warrant and option reserve, deficit and accumulated other comprehensive (loss) income.

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 issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

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17. CAPITAL MANAGEMENT (continued)

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management is consistent with the year ended December 31, 2021.

18. SEGMENTED INFORMATION

The Company has two reportable segments based on geographical locations: Canada and the USA, and three reportable segments based on operations: self-mining, hosting and miner sales, along with a Head Office segment. The disclosures with regards to the Company's aforementioned segments for the three and nine months ended September 30, 2022 and 2021 are listed below:

	Three Months Ended September 30, 2022				
	Canada	USA		Head	Total
	Mining	Mining	Hosting	Office	
	\$	\$	\$	\$	\$
Income from operations					
Digital assets mined	610,769	271,736	—	—	882,505
Hosting income	—	—	538,141	—	538,141
Site operating costs	(527,698)	(202,071)	(14,074)	—	(743,843)
Depreciation of right-of-use assets	(9,861)	(13,476)	(84,223)	—	(107,560)
Depreciation of property and equipment	(804,478)	(374,789)	(119,227)	—	(1,298,494)
Amortization of intangible assets	(75,093)	—	—	—	(75,093)
Realized loss on digital currencies	(540,540)	—	—	—	(540,540)
Net income (loss) before operating expenses	(1,346,901)	(318,600)	320,617	—	(1,344,884)
Operating and other expenses (income)					
Interest and bank charges	357	176	258	1,428	2,219
Interest expense on lease obligations	7,164	8,741	54,632	—	70,537
Management fees, salaries and wages	32,477	20,516	36,180	114,443	203,616
Office and administration	55,744	48,690	78,872	58,616	241,922
Professional fees	19,788	208	—	118,058	138,054
Unrealized gain on revaluation of digital currencies	(732,487)	—	—	—	(732,487)
Share based compensation	—	—	—	82,898	82,898
Interest expense	—	16,226	36,507	—	52,733
Foreign exchange gain	—	—	—	(8,215)	(8,215)
Total operating and other expenses (income)	(616,957)	94,557	206,449	367,228	51,277
Net income (loss)	(729,944)	(413,157)	114,168	(367,228)	(1,396,161)
Currency translation loss	—	—	—	(60,881)	(60,881)
Net comprehensive income (loss)	(729,944)	(413,157)	114,168	(428,109)	(1,457,042)

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18. SEGMENTED INFORMATION (continued)

	Three Months Ended September 30, 2021				
	Canada	USA		Head	Total
	Mining	Mining	Hosting	Office	
	\$	\$	\$	\$	\$
Income from operations					
Digital assets mined	1,019,302	138,280	—	—	1,157,582
Hosting income	—	—	341,400	—	341,400
Site operating costs	(83,886)	(10,856)	(21,559)	—	(116,301)
Depreciation of right-of-use assets	(10,086)	(9,840)	(61,498)	—	(81,424)
Depreciation of property and equipment	(765,510)	(53,863)	(336,643)	—	(1,156,016)
Amortization of intangible assets	(147,006)	—	—	—	(147,006)
Net income (loss) before operating expenses	12,814	63,721	(78,300)	—	(1,765)
Operating and other expenses (income)					
Interest and bank charges	355	42	104	1,600	2,101
Interest expense on lease obligations	7,779	7,077	44,228	—	59,084
Management fees, salaries and wages	32,267	1,244	3,070	183,691	220,272
Office and administration	27,627	7,181	6,088	5,150	46,046
Professional fees	1,925	16,960	—	35,528	54,413
Share based compensation	—	—	—	120,784	120,784
Interest income	—	—	—	(3,543)	(3,543)
Foreign exchange loss	—	—	—	216,246	216,246
Total operating and other expenses	69,953	32,504	53,490	559,456	715,403
Net income (loss)	(57,139)	31,217	(131,790)	(559,456)	(717,168)
Revaluation gain on digital currencies	—	—	—	395,669	395,669
Net comprehensive income (loss)	(57,139)	31,217	(131,790)	(163,787)	(321,499)

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18. SEGMENTED INFORMATION (continued)

	Nine Months Ended September 30, 2022					
	Canada	USA			Head Office	Total
	Mining	Mining	Hosting	Miner Sales	Office	Total
	\$	\$	\$	\$	\$	\$
Income from operations						
Digital assets mined	1,815,137	1,057,648	—	—	—	2,872,785
Hosting income	—	—	1,502,953	—	—	1,502,953
Sales of miners	—	—	—	14,454	—	14,454
Cost of miners sold	—	—	—	(8,543)	—	(8,543)
Site operating costs	(944,233)	(553,218)	(40,449)	—	—	(1,537,900)
Depreciation of right-of-use assets	(29,584)	(35,411)	(221,318)	—	—	(286,313)
Depreciation of property and equipment	(2,285,453)	(950,519)	(357,678)	—	—	(3,593,650)
Amortization of intangible assets	(225,281)	—	—	—	—	(225,281)
Realized loss on digital currencies	(2,185,134)	—	—	—	—	(2,185,134)
Net income (loss) before operating expenses	(3,854,548)	(481,500)	883,508	5,911	—	(3,446,629)
Operating and other expenses (income)						
Interest and bank charges	1,367	215	306	—	4,662	6,550
Interest expense on lease obligations	21,940	23,387	146,172	—	—	191,499
Management fees, salaries and wages	158,489	56,847	80,781	—	331,920	628,037
Office and administration	91,855	98,753	140,331	—	158,221	489,160
Professional fees	23,709	4,000	—	—	369,493	397,202
Write down of inventory	—	—	—	266,015	—	266,015
Revaluation loss on digital currencies	1,591,029	—	—	—	—	1,591,029
Share based compensation	—	—	—	—	196,098	196,098
Interest expense (income)	—	16,226	36,507	—	(4,578)	48,155
Foreign exchange loss	—	—	—	—	136,542	136,542
Total operating and other expenses	1,888,389	199,428	404,097	266,015	1,192,358	3,950,287
Net income (loss)	(5,742,937)	(680,928)	479,411	(260,104)	(1,192,358)	(7,396,916)
Revaluation loss on digital currencies	—	—	—	—	(176,301)	(176,301)
Currency translation loss	—	—	—	—	(41,930)	(41,930)
Net comprehensive income (loss)	(5,742,937)	(680,928)	479,411	(260,104)	(1,410,589)	(7,615,147)

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18. SEGMENTED INFORMATION (continued)

	Nine Months Ended September 30, 2021					
	Canada	USA			Head Office	Total
	Mining	Mining	Hosting	Miner Sales		
	\$	\$	\$	\$	\$	\$
Income from operations						
Digital assets mined	1,421,971	311,894	—	—	—	1,733,865
Hosting income	—	—	389,400	—	—	389,400
Sales of miners	—	—	—	27,912	—	27,912
Cost of miners sold	—	—	—	(25,121)	—	(25,121)
Site operating costs	(103,006)	(18,632)	(70,165)	—	—	(191,803)
Depreciation of right-of-use assets	(30,259)	(29,519)	(184,494)	—	—	(244,272)
Depreciation of property and equipment	(765,510)	(258,534)	(1,615,837)	—	—	(2,639,881)
Amortization of intangible assets	(441,021)	—	—	—	—	(441,021)
Realized gain on digital currencies	1,339	—	—	—	—	1,339
Net income (loss) before operating expenses	83,514	5,209	(1,481,096)	2,791	—	(1,389,582)
Operating and other expenses (income)						
Interest and bank charges	355	162	202	15	7,214	7,948
Interest expense on lease obligations	23,733	21,456	134,102	—	—	179,291
Management fees, salaries and wages	32,267	40,256	50,260	3,603	330,214	456,600
Office and administration	151,459	28,498	35,579	2,550	34,750	252,836
Professional fees	1,925	86,909	—	—	435,031	523,865
Share based compensation	—	—	—	—	1,041,400	1,041,400
Interest income	—	—	—	—	(4,945)	(4,945)
Other income	—	(62,196)	(59,155)	(7,582)	—	(128,933)
Foreign exchange loss	—	—	—	—	68,519	68,519
Total operating and other expenses	209,739	115,085	160,988	(1,414)	1,912,183	2,396,581
Net income (loss)	(126,225)	(109,876)	(1,642,084)	4,205	(1,912,183)	(3,786,163)
Revaluation gain on digital currencies	—	—	—	—	105,467	105,467
Net comprehensive income (loss)	(126,225)	(109,876)	(1,642,084)	4,205	(1,806,716)	(3,680,696)

The disclosures with regards to the Company's aforementioned segments as at September 30, 2022 and December 31, 2021 are listed below:

	Canada		USA			Head Office	Total
	Mining	Hosting	Mining	Hosting	Miner Sales		
	\$	\$	\$	\$	\$	\$	\$
As at September 30, 2022							
Total assets	8,509,109	4,182,820	2,486,079	2,922,963	821,637	9,422,299	28,344,907
Total non-current assets	10,436,342	4,924,715	3,417,573	3,907,750	—	—	22,686,380
Total liabilities	447,729	2,034,557	34,832	1,589,995	—	1,958,682	6,065,795
As at December 31, 2021							
Total assets	11,019,701	5,416,951	3,219,590	3,785,376	1,064,059	12,202,325	36,708,002
Total non-current assets	9,831,757	4,639,422	3,219,590	3,681,370	—	—	21,372,139
Total liabilities	534,733	2,429,915	41,601	1,898,966	—	2,339,299	7,244,514

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19. SUBSEQUENT EVENTS

On October 6, 2022, the Company announced that it had terminated the letter of intent with a Kansas, USA based energy company, previously announced on February 10, 2022, effective October 6, 2022. The Company also provided an update on operations.

The Company announced that it had an aggregate self-mining Hashrate of 92.24 PH/s from ASIC miners running at its data centres.

The Company announced that 160 high performance ASIC miners of the previously announced purchase of 600 high performance ASIC miners remained to be deployed. This would increase the Company's self-mining Hashrate from ASIC miners by a further 14.1 PH/s. The Company anticipated deploying these ASIC miners as expeditiously as possible upon expansion of its operations in Quebec, Canada.

The Company announced that since the completion of Ethereum's merge to proof of stake, the Company was actively exploring opportunities to utilize its GPU computing power.

The Company announced that it had Equipment Hosting Agreements for an aggregate mining capacity of approximately 12 MW located at its award-winning data centre facilities in Utah, USA, contributing annual hosting revenues for the Company of USD\$2.1 million.

The Company announced that it had terminated the letter of intent with a Kansas, USA based energy company previously announced on February 10, 2022 as a result of its due diligence investigations.

The Company announced that it, through a subsidiary, continued to make progress on its expansion of operations in Quebec, Canada, and on its application with Hydro Quebec to secure an additional 5 MW of power at its data centre.

The Company announced that the natural gas power generation site of 611890 Alberta Inc. DBA Avila Energy (the "Alberta Partner") remained shut down. Litigation against the Alberta Partner et al. was ongoing with respect to the non-compliance with terms of the power supply agreement for up to 30 MW and damages arising therefrom.

The Company planned to continue to further expand its self-mining inventory of mining hardware. Further orders for mining hardware may be placed using astute capital management strategies based upon prevailing market conditions. The Company planned to continue to further expand its data centre operations in North America by partnering with large cryptocurrency miners seeking operating locations in North America. The Company continued to consider and perform diligence on several potential transactions and opportunities.

The Company was in a strong financial position and was well capitalized. As at October 7, 2022, the Company held 550.64 ETH, 80.05 BTC and USD\$2.1 million (CAD\$2.9 million) in cash. The Company had made payments and deposits for buildings and infrastructure equipment of USD\$3.9 million (CAD\$5.4 million). Additionally, effective October 1, 2022, the Company extended its lease for a further five years at one of its award-winning data centre facilities in Utah, USA and made security deposit payments of USD\$340,000 (CAD\$466,500) in relation to the extension of the lease.