

**CRYPTOSTAR CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
**(Expressed in US dollars, unless otherwise stated)**

## **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 Chartered Professional Accountants (CPA) of 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, 2024 AND 2023**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

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**CRYPTOSTAR CORP.**  
**Condensed Interim Consolidated Statements of Financial Position (Unaudited)**  
**As at September 30, 2024 and December 31, 2023**  
(Expressed in US dollars, unless otherwise stated)

	Note	As at September 30, 2024 \$	As at December 31, 2023 \$
<b>Assets</b>			
Current assets			
Cash		2,060,334	2,180,990
Accounts receivable and others	14	359,651	229,916
Deposits and prepaid expenses	4	12,197	12,198
Inventory	5	209,875	209,875
Digital currencies	6	492,884	125,205
		3,134,941	2,758,184
Property and equipment	7	5,209,080	7,259,171
Intangible assets	8	19,754	19,754
Right-of-use assets	9	1,438,382	1,707,223
Deposits	4	572,883	729,039
Goodwill		233,685	240,279
<b>Total assets</b>		<b>10,608,725</b>	<b>12,713,650</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Trade payable and accrued liabilities		700,212	802,974
Advances from customers	10	511,350	511,350
Payable to related party	11	393,321	393,321
Lease obligations	9	445,521	401,047
		2,050,404	2,108,692
Lease obligations	9	1,387,796	1,726,889
Decommission cost	12	377,251	377,251
Payable to related party	11	682,954	977,945
<b>Total liabilities</b>		<b>4,498,405</b>	<b>5,190,777</b>
<b>Shareholders' equity</b>			
Share capital	13	37,505,567	37,253,870
Shareholder contribution	13	3,292,725	3,292,725
Warrant and option reserve	11 & 13	19,973,905	19,751,227
Deficit		(54,640,845)	(52,703,010)
Accumulated other comprehensive loss		(21,032)	(71,939)
<b>Total shareholders' equity</b>		<b>6,110,320</b>	<b>7,522,873</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,608,725</b>	<b>12,713,650</b>
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Approved on behalf of the Board of Directors on November 27, 2024

/s/Christopher Malone

Director

/s/Amelia Jones

Director

See accompanying notes.

**CRYPTOSTAR CORP.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)**  
**For the Three and Nine Months Ended September 30, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Revenue</b>					
Digital assets mined	6	172,423	480,868	1,109,217	1,462,057
Hosting income		176,934	412,984	947,438	1,237,428
		349,357	893,852	2,056,655	2,699,485
<b>Cost of revenue</b>					
Site operating costs		(281,587)	(574,334)	(1,161,598)	(1,606,103)
Depreciation of right-of-use assets	9	(89,426)	(108,918)	(268,275)	(326,610)
Depreciation of property and equipment	7	(143,243)	(1,102,443)	(759,971)	(3,651,381)
<b>Gross loss</b>		(164,899)	(891,843)	(133,189)	(2,884,609)
Realized (loss) gain on digital currencies	6	—	(2,718)	31,104	13,856
<b>Net loss before operating expenses</b>		(164,899)	(894,561)	(102,085)	(2,870,753)
<b>Operating expenses</b>					
Interest and bank charges		1,498	2,962	5,484	7,241
Interest on related party loan	11	34,415	41,298	112,096	147,495
Management fees, salaries and wages	11	162,607	164,038	497,890	534,695
Share based compensation	11 & 13	—	49,035	9,204	107,770
Office and administration		71,345	62,866	239,069	407,477
Professional fees		72,328	34,712	190,146	95,182
<b>Total operating expenses</b>		342,193	354,911	1,053,889	1,299,860
<b>Net loss before other items</b>		(507,092)	(1,249,472)	(1,155,974)	(4,170,613)
<b>Other (expense) income</b>					
Foreign exchange loss		(299)	(135,026)	(118,360)	(18,633)
Interest expense on lease obligations	9	(53,469)	(66,589)	(168,899)	(207,249)
Impairment of intangible assets		—	(32,211)	—	(96,634)
Revaluation gain (loss) on digital currencies	6	9,161	(2,223)	(25,024)	6,533
Gain (loss) on disposal of property and equipment		39,208	—	(471,385)	(163)
Other income		29	—	1,807	—
Other expense		—	145,614	—	(8,777)
<b>Net loss</b>		(512,462)	(1,339,907)	(1,937,835)	(4,495,536)
Currency translation gain (loss)		6,777	(22,582)	50,907	(53,553)
<b>Net comprehensive loss</b>		(505,685)	(1,362,489)	(1,886,928)	(4,549,089)
<b>Loss per share, basic and diluted</b>		(0.001)	(0.003)	(0.004)	(0.010)
<b>Weighted average shares, basic and diluted</b>		440,169,321	429,016,069	440,169,321	429,016,069

See accompanying notes.

**CRYPTOSTAR CORP.**  
**Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)**  
**For the Nine Months Ended September 30, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

	Note	Share Capital		Shareholder Contribution \$	Warrant and Option Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income * \$	Total \$
		Shares Issued	Amount \$					
As at December 31, 2022		429,016,069	37,253,870	3,292,725	19,634,594	(47,090,010)	(2,333)	13,088,846
Share based compensation	11 & 13	—	—	—	107,770	—	—	107,770
Net loss for the period		—	—	—	—	(4,495,536)	—	(4,495,536)
Unrealized loss on currency translation		—	—	—	—	—	(53,553)	(53,553)
<b>As at September 30, 2023</b>		<b>429,016,069</b>	<b>37,253,870</b>	<b>3,292,725</b>	<b>19,742,364</b>	<b>(51,585,546)</b>	<b>(55,886)</b>	<b>8,647,527</b>
As at December 31, 2023		429,016,069	37,253,870	3,292,725	19,751,227	(52,703,010)	(71,939)	7,522,873
Private placement - gross cash proceeds	13	14,460,000	304,440	—	229,849	—	—	534,289
Issuance cost - cash	13	—	(39,383)	—	(29,735)	—	—	(69,118)
Issuance of shares - finder's fees	13	433,800	17,695	—	—	—	—	17,695
Issuance cost - non-cash	13	—	(31,055)	—	13,360	—	—	(17,695)
Share based compensation	11 & 13	—	—	—	9,204	—	—	9,204
Net loss for the period		—	—	—	—	(1,937,835)	—	(1,937,835)
Unrealized gain on currency translation		—	—	—	—	—	50,907	50,907
<b>As at September 30, 2024</b>		<b>443,909,869</b>	<b>37,505,567</b>	<b>3,292,725</b>	<b>19,973,905</b>	<b>(54,640,845)</b>	<b>(21,032)</b>	<b>6,110,320</b>

\* Accumulated other comprehensive (loss) income balance as at September 30, 2024 comprises foreign currency translation loss of (\$46,335) and revaluation gain on digital currency of \$25,303 (September 30, 2023: foreign currency translation loss of \$55,886).

See accompanying notes.

**CRYPTOSTAR CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows (Unaudited)**  
**For the Nine Months Ended September 30, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	(1,937,835)	(4,495,536)
Adjusted for:		
Depreciation of property and equipment	759,971	3,651,381
Amortization of intangible assets	—	96,634
Income from mining of digital currencies	(1,109,217)	(1,462,057)
Proceeds from sale of digital currencies	747,618	1,541,216
Realized gain on digital currencies	(31,104)	(13,856)
Revaluation loss (gain) on digital currencies	25,024	(6,533)
Share based compensation	9,204	107,770
Depreciation of right-of-use assets	268,275	326,610
Interest expense on lease obligations	168,899	207,249
Interest expense on payable to related party	112,096	147,495
Foreign exchange loss (gain) on right-of-use assets and lease obligations	904	(366)
Loss on disposal of property and equipment	471,385	163
Changes in non-cash working capital items:		
Accounts receivable and others	(129,423)	(67,170)
Deposits and prepaid expenses	—	(141)
Trade payable and accrued liabilities	(102,677)	(422,677)
Advances from customers	—	(185,000)
Income tax payable	—	79,758
<b>Cash used in operating activities</b>	<b>(746,880)</b>	<b>(495,060)</b>
<b>Investing activities</b>		
Purchases of property and equipment, net of deposits	—	(15,395)
Proceeds from disposal of property and equipment	815,891	835
Deposits	156,157	167,765
<b>Cash provided by investing activities</b>	<b>972,048</b>	<b>153,205</b>
<b>Financing activities</b>		
Repayment of payable to related party	—	(644,503)
Repayment of loan to related party	(407,087)	—
Payment of lease obligations	(463,856)	(474,372)
Proceeds from private placement, net of issuance cost	465,171	—
<b>Cash used in financing activities</b>	<b>(405,772)</b>	<b>(1,118,875)</b>
Effect of foreign exchange on cash	59,948	(58,768)
Net change in cash during the period	(120,656)	(1,519,498)
Cash, beginning of the period	2,180,990	3,990,383
<b>Cash, end of the period</b>	<b>2,060,334</b>	<b>2,470,885</b>
<i>Supplemental cash flow information:</i>		
Interest paid	(168,899)	(207,249)

See accompanying notes.

**CRYPTOSTAR CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
**For the Three and Nine Months Ended September 30, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

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**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 monthly 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 condensed interim consolidated 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 AND CONSOLIDATION**

**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, 2023 and 2022.

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 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, 2023 and 2022. 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, 2024 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, 2024, on November 27, 2024.

**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 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, 2024 and 2023**  
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**2. BASIS OF PRESENTATION AND CONSOLIDATION (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 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 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**

The condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 include the accounts of the Company, its wholly owned subsidiaries, and entities over which the Company has control as defined in IFRS 10, all of which also have a December 31 year-end. 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 financial statements. All intercompany balances and transactions are eliminated on consolidation. The Company's subsidiaries were CryptoStar Holdings Inc., CryptoStar USA, Inc. (subsidiary of CryptoStar Holdings Inc.) and Neuro Digital Inc. The condensed interim consolidated financial statements are prepared using uniform accounting policies by all subsidiaries of the Company.

**3. CHANGES IN ACCOUNTING STANDARDS**

**New and Amended Accounting Pronouncements**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

*IFRS 16 Amendments – Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 – Leases ("IFRS 16") relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the 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, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

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**3. CHANGES IN ACCOUNTING STANDARDS (continued)**

**New and Amended Accounting Pronouncements (continued)**

*IAS 1 Amendments – Non-current Liabilities with Covenants*

In October 2022, the IASB issued amendments to IAS 1 – Presentation of Financial Statements, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

*IAS 1 Amendments – Classification of Liabilities as Current or Non-Current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

*IFRS S1 and IFRS S2 – Applicability from January 1, 2024*

IFRS S1 requires companies to disclose material information on all sustainability related risks and opportunities that could reasonably be expected to affect their prospects. IFRS S2 sets out the requirements for climate-related disclosures. For risks and opportunities beyond climate, IFRS S1 directs companies to sources of guidance and requires companies to refer to and consider the industry based SASB Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

*IAS 7 Amendments – Supplier Finance Arrangements*

In May 2023, the IASB issued amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the condensed interim consolidated financial statements.

**CRYPTOSTAR CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
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(Expressed in US dollars, unless otherwise stated)

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**3. CHANGES IN ACCOUNTING STANDARDS (continued)**

**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 ended December 31, 2024, and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements.

*IAS 21 Amendments – Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

*Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

*Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

*Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures. The new standard allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements. The Company is assessing the impact to its subsidiaries.

**CRYPTOSTAR CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
**For the Three and Nine Months Ended September 30, 2024 and 2023**  
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**4. DEPOSITS AND PREPAID EXPENSES**

	September 30, 2024	December 31, 2023
	\$	\$
Current:		
Prepayments	9,205	9,205
Deposits made for mining equipment	2,992	2,993
	12,197	12,198
Long-term:		
Deposits	572,883	729,039
<b>Total deposits and prepaid expenses</b>	<b>585,080</b>	<b>741,237</b>

**5. INVENTORY**

Inventory represents mining equipment purchased by the Company with the intention to sell. Accordingly, the mining equipment is classified as inventory. The Company recorded an inventory write down of \$Nil during the three and nine months ended September 30, 2024 (September 30, 2023 – \$Nil). Total inventory expensed for three and nine months ended September 30, 2024 and 2023 are noted as cost of miners sold under cost of revenue.

**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, 2024, and the year ended December 31, 2023.

	September 30, 2024		December 31, 2023	
	Number	\$	Number	\$
<b>Bitcoin</b>				
Balance, beginning of the period	2.94	124,712	4.51	74,585
Mined additions	19.34	1,109,217	71.61	2,030,910
Non-mining additions	—	—	—	—
Bitcoin sold	(14.50)	(747,618)	(73.18)	(2,007,156)
Bitcoin bought	—	—	—	—
Realized gain on digital currency	—	31,104	—	1,070
Revaluation (loss) gain on digital currency	—	(25,024)	—	25,303
<b>Balance, end of the period</b>	<b>7.78</b>	<b>492,391</b>	<b>2.94</b>	<b>124,712</b>
<b>Ethereum</b>				
Balance, beginning of the period	—	493	—	493
Mined additions	—	—	—	—
Ethereum sold	—	—	—	—
Ethereum bought	—	—	—	—
Realized loss on digital currency	—	—	—	—
Revaluation loss on digital currency	—	—	—	—
<b>Balance, end of the period</b>	<b>—</b>	<b>493</b>	<b>—</b>	<b>493</b>
<b>Total digital currencies</b>		<b>492,884</b>		<b>125,205</b>

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on [www.bitcoincharts.com](http://www.bitcoincharts.com) and [www.coinmarketcap.com](http://www.coinmarketcap.com).

**CRYPTOSTAR CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
**For the Three and Nine Months Ended September 30, 2024 and 2023**  
(Expressed in US dollars, unless otherwise stated)

**6. DIGITAL CURRENCIES (continued)**

During the three and nine months ended September 30, 2024, the Company mined digital currencies of \$172,422 (September 30, 2023 – \$480,868) and \$1,109,217 (September 30, 2023 - \$1,462,057), respectively.

During the three and nine months ended September 30, 2024, the Company disposed Nil and 14.50 Bitcoins for \$Nil and \$747,618 in cash and realized a gain of \$Nil and \$31,104 respectively (September 30, 2023 – 17.16 and 59.85 Bitcoins for \$480,050 and \$1,541,216 in cash and realized a loss of \$2,718 and gain of \$13,856 respectively).

As at September 30, 2024, the Company has recorded revaluation loss on digital currencies of \$25,024, (September 30, 2023: revaluation gain of \$6,533 included in statement of loss and comprehensive loss, representing a reversal to the extent unrealized loss is recognised) included in statements of loss.

**7. PROPERTY AND EQUIPMENT**

	Mining Equipment \$	Other Property and Equipment \$	Construction in Progress \$	Total \$
<b>Cost</b>				
Balance, December 31, 2022	13,539,900	11,796,702	4,632,397	29,968,999
Additions	25,595	—	—	25,595
Disposals	(3,486)	—	—	(3,486)
Balance, December 31, 2023	13,562,009	11,796,702	4,632,397	29,991,108
Additions	—	—	—	—
Disposals	(1,179,357)	—	(1,287,277)	(2,466,634)
<b>Balance, September 30, 2024</b>	<b>12,382,652</b>	<b>11,796,702</b>	<b>3,345,120</b>	<b>27,524,474</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2022	9,247,644	9,290,824	—	18,538,468
Depreciation	3,675,087	553,206	—	4,228,293
Disposals	(2,488)	—	—	(2,488)
Effect of foreign exchange	(32,336)	—	—	(32,336)
Balance, December 31, 2023	12,887,907	9,844,030	—	22,731,937
Depreciation	361,939	398,032	—	759,971
Disposals	(1,102,598)	—	—	(1,102,598)
Impairment	(76,759)	—	—	(76,759)
Effect of foreign exchange	2,843	—	—	2,843
<b>Balance, September 30, 2024</b>	<b>12,073,332</b>	<b>10,242,062</b>	<b>—</b>	<b>22,315,394</b>
<b>Net book value</b>				
<b>Balance, September 30, 2024</b>	<b>309,320</b>	<b>1,554,640</b>	<b>3,345,120</b>	<b>5,209,080</b>
Balance, December 31, 2023	674,102	1,952,672	4,632,397	7,259,171

Construction in progress is related to the construction of data centres and data centre components. No depreciation or impairment has been charged on the construction in progress as the assets are new, not in use or are not ready for their intended use as of September 30, 2024 and December 31, 2023.

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**8. INTANGIBLE ASSETS**

	\$
<b>Cost</b>	
<b>Balance, December 31, 2023 and September 30, 2024</b>	1,501,876
<b>Accumulated amortization</b>	
Balance, December 31, 2022	1,244,186
Impairment	237,936
<b>Balance, December 31, 2023 and September 30, 2024</b>	1,482,122
<b>Net book value</b>	
<b>Balance, December 31, 2023 and September 30, 2024</b>	19,754
Balance, December 31, 2023	19,754

**9. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS**

	September 30, 2024	December 31, 2023
<b>Right-of-use Assets</b>	\$	\$
<b>Cost</b>		
Balance, beginning of the period	3,500,053	3,648,198
Adjustment due to renewal option not exercised	—	(148,145)
<b>Balance, end of the period</b>	3,500,053	3,500,053
<b>Accumulated Depreciation</b>		
Balance, beginning of the period	1,792,830	1,416,156
Depreciation	268,275	435,281
Adjustment due to renewal option not exercised	—	(59,972)
Exchange loss	566	1,365
<b>Balance, end of the period</b>	2,061,671	1,792,830
<b>Net book value, end of the period</b>	1,438,382	1,707,223

The Company has recorded the cost of restoration in 2020. The Company has included the present value of the expected future decommissioning cost in the total cost of the asset.

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, 2024	December 31, 2023
	\$	\$
<b>Lease Obligations</b>		
Balance, beginning of the period	2,127,936	2,592,691
Adjustment due to renewal option not exercised	—	(100,555)
Interest accretion	168,899	271,080
Lease payments	(463,856)	(635,976)
Exchange loss	338	696
<b>Balance, end of the period</b>	<b>1,833,317</b>	<b>2,127,936</b>
Current lease obligations	445,521	401,047
Non-current lease obligations	1,387,796	1,726,889
<b>Balance, end of the period</b>	<b>1,833,317</b>	<b>2,127,936</b>

As at September 30, 2024, the Company has three leases in total, the monthly gross rent payment was in the range of \$4,609 to \$34,690 and remaining maturity term was in the range of 36 to 63 months.

When measuring lease obligations, the Company discounted lease payments using its incremental borrowing rate. The weighted average rate applied was in the range of 8% to 12%.

During the year ended and as at December 31, 2023, the management has assessed the impact of non-availability of additional power from hydro Quebec at Stanstead location on its mining operations and decided to cancel the lease on its original end date i.e. December 31, 2023. There is no penalty or legal fee associated with the cancellation of the lease as the same is in line with the terms of the agreement.

As the management did not exercise renewal option previously included in the entity's determination of the lease term, consequently the difference of \$12,382 between right of use assets and lease liability was recorded as gain on cancellation of lease in the Consolidated Statements of Loss and Comprehensive loss for the year ended December 31, 2023, in accordance with the requirements of IFRS-16 – Leases.

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2024:

	September 30, 2024
	\$
<b>Undiscounted lease obligations</b>	
Less than one year	627,815
One to two years	645,541
Two to three years	658,663
Three to four years	198,331
More than four years	76,028
<b>Total undiscounted lease obligations</b>	<b>2,206,378</b>
Impact of discounting	(391,257)
Exchange loss	18,196
<b>Total lease obligations</b>	<b>1,833,317</b>

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**10. 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. In the year ended December 31, 2022, the Company terminated the Equipment Hosting Agreements related to Alberta, Canada and repaid the security deposits. During the year ended December 31, 2023, the Company returned \$185,000 of security deposits to customers.

The following table presents the changes in the deposits during the nine months ended September 30, 2024 and the year ended December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
Balance, beginning of the period	511,350	696,350
Deposits returned	—	(185,000)
<b>Balance, end of the period</b>	<b>511,350</b>	<b>511,350</b>

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

**Payable to Related Party**

The balance of \$1,076,275 payable to related party as at September 30, 2024 (December 31, 2023 - \$1,371,266) represents the amount advanced under a line of credit provided by A.C.N 117 402 838 PTY LTD (“ACN”). ACN is related to the Company through common control of the CEO in both Companies. During the year ended December 31, 2023, the Company renewed its line of credit with ACN for further 54- month term ending in June 30, 2027. The renewed line of credit is a revolving credit facility available to fund general corporate purposes with a maximum principal amount of \$1,769,943. The unsecured line of credit bears interest at a rate of 12% per annum, payable monthly in arrears, together with a minimum monthly repayment of principal amount outstanding of \$32,777. As consideration for renewing the line of credit, the Company repaid \$196,660 of the principal amount outstanding of \$1,966,604 under the previous line of credit on January 3, 2023.

During the nine months ended September 30, 2024, the Company made principal and interest repayments of \$407,087. During the three and nine months ended September 30, 2024, the Company recorded interest expense of \$34,415 (September 30, 2023 - \$41,298) and \$112,096 (September 30, 2023 - \$147,495), respectively.

**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, 2024, was \$87,426 (September 30, 2023 - \$92,624) and \$255,488 (September 30, 2023 - \$296,288), 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, 2024, was \$Nil (September 30, 2023 - \$Nil) and \$Nil (September 30, 2023 - \$22,803), respectively.

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**11. 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, 2024, was \$Nil (September 30, 2023 - \$17,967) and \$9,204 (September 30, 2023 - \$53,899), respectively.

On February 21, 2023, the Company granted 1,200,000 stock options under the Company's stock option plan to directors of the Company. These options have an exercise price of CAD\$0.05 per stock option, and an expiry date of February 21, 2033. The options vested immediately on February 21, 2023. Share based compensation related to these options during the three and nine months ended September 30, 2024, was \$Nil and \$Nil, respectively

The Company incurred directors' fees during the three and nine months ended September 30, 2024, was \$6,568 (September 30, 2023 - \$16,181) and \$22,069 (September 30, 2023 - \$41,059), respectively.

Included in trade payable and accrued liabilities was \$29,129 payable to the directors of the Company for the director fees as at September 30, 2024 (September 30, 2023 - \$22,443).

The remuneration of key management personnel paid by ACN on the Company's behalf during the three and nine months ended September 30, 2024, was \$75,697 (September 30, 2023 - \$67,510) and \$212,624 (September 30, 2023 - \$205,881), respectively.

**12. 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 year ended December 31, 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. 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.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of the period	377,251	377,251
Addition	—	—
<b>Balance, end of the period</b>	<b>377,251</b>	<b>377,251</b>
Short-term	—	—
Long-term	377,251	377,251
<b>Total decommission cost</b>	<b>377,251</b>	<b>377,251</b>

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**12. DECOMMISSION COST (continued)**

For the three and nine months ended September 30, 2024, and the year ended December 31, 2023, the Company has used the following assumptions to calculate and reassess the liability:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Inflation rate (based on useful life)	1.6% to 2.9%	2.7% to 6.9%
Discount rate	2.74% to 3.64%	3.02% to 4.25%
Useful life	3 to 6 years	3.75 to 6 years

No further adjustment has been made as at September 30, 2024, in connection with the assessment of the original liability as the related impact was not significant.

**13. SHARE CAPITAL**

**Authorized**

Unlimited common shares without par value.

**Issued and Outstanding**

The Company issued a total of 14,893,800 common shares during the nine months ended September 30, 2024. The total outstanding number of shares as at September 30, 2024 was 443,909,869 (December 31, 2023 – 429,016,069).

During March 2024, the Company completed private placements through issuance of 14,893,800 units at CAD 0.05 per unit for gross proceeds of CAD 720,500 (\$534,289). Each unit is comprised of one common share and one share purchase warrant, with each full share purchase warrant exercisable for one common share at CAD 0.07 per share for a period of 36 months from the issuance of the warrants. The common shares and share purchase warrants were valued at \$304,440 and \$229,849 respectively, using the relative fair value method.

In connection with the above private placements, the company issued 433,800 finder's warrant units. Each finder's warrant unit comprises of one common share and one warrant which is exercisable at CAD 0.07 per share for a period of 36 months from the issuance of the finder's warrant units. The common shares and warrants were valued at \$17,645 and \$13,324, respectively.

The stand-alone value of share purchase warrants and finder's warrant units were valued using the Black-Scholes valuation model, for the assumptions used refer the warrants section within note 13.

The company incurred cash issuance cost of \$69,118, which is allocated between share capital (\$39,383) and warrant reserve (\$29,735) using the relative fair value method.

**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.

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**13. SHARE CAPITAL (continued)**

**Stock Option Plan (continued)**

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 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, 2024, was \$Nil (September 30, 2023 - \$Nil) and \$Nil (September 30, 2023 - \$22,803), respectively.

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, 2024, was \$Nil (September 30, 2023 - \$17,967) and \$9,204 (September 30, 2023 - \$53,899), respectively.

On February 21, 2023, the Company granted 1,200,000 stock options under the Company's stock option plan to directors of the Company. These options have an exercise price of CAD\$0.05 per stock option, and an expiry date of February 21, 2033. The options vested immediately on February 21, 2023. Share based compensation related to these options during the three and nine months ended September 30, 2024, was \$Nil and \$Nil, respectively

The total share-based compensation related to above options during the three and nine months ended September 30, 2024 and 2023 are as follows:

Grant Date	Number of Options	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
May 3, 2021	2,000,000	—	—	—	22,803
June 17, 2022	5,000,000	—	17,967	9,204	53,899
February 21, 2023	1,200,000	—	31,068	—	31,068
	8,200,000	—	49,035	9,204	107,770

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

Option grant date	February 21, 2023	June 17, 2022	June 17, 2022
Stock options granted	1,200,000	2,500,000	2,500,000
Share price on grant date (in CAD):	\$ 0.035	\$ 0.040	\$ 0.100
Exercise price (in CAD):	\$ 0.050	\$ 0.050	\$ 0.100
Risk-free interest rate:	3.43%	3.41%	3.41%
Forfeiture rate:	0.00%	0.00%	0.00%
Expected dividend yield:	0.00%	0.00%	0.00%
Expected option life (years)	10	10	10
Expected stock price volatility	237.14%	235.33%	235.33%

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**13. SHARE CAPITAL (continued)**

**Stock Option Plan (continued)**

	Number of Options	Exercise Price CAD\$	Expiry Date
Balance, December 31, 2022	17,290,000		
Granted on February 21, 2023	1,200,000	0.05	21-Feb-33
Forfeited on February 28, 2023	(7,800,000)	0.10	03-Feb-31
Forfeited on February 28, 2023	(1,000,000)	0.50	26-Sep-28
Balance, December 31, 2023	9,690,000		
Expired on July 14, 2024	(250,000)	0.14	18-Jul-24
<b>Balance, September 30, 2024</b>	<b>9,440,000</b>		

The following table summarizes the stock options exercisable as at September 30, 2024:

Exercise Price CAD\$	Number of Outstanding Options	Number of Exercisable Options	Expiry Date	Remaining Contractual Life (Years)
0.500	1,240,000	1,240,000	26-Sep-28	3.99
0.280	2,000,000	2,000,000	03-May-31	6.59
0.050	2,500,000	1,250,000	17-Jun-32	7.72
0.100	2,500,000	1,250,000	17-Jun-32	7.72
0.050	600,000	600,000	21-Feb-33	8.40
0.050	600,000	600,000	21-Feb-33	8.40
0.171	9,440,000	6,940,000		7.08

The following table summarizes the stock options exercisable as at December 31, 2023:

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	0.55
0.500	1,240,000	1,240,000	26-Sep-28	4.74
0.280	2,000,000	2,000,000	03-May-31	7.34
0.050	2,500,000	1,250,000	17-Jun-32	8.47
0.100	2,500,000	1,250,000	17-Jun-32	8.47
0.050	600,000	600,000	21-Feb-33	9.15
0.050	600,000	600,000	21-Feb-33	9.15
0.710	9,690,000	7,190,000		8.12

**Warrants**

During the three months and nine months ended September 30, 2024, the Company issued a total of 14,460,000 warrants and 433,800 finder's warrants in connection with the private placement (December 31, 2023 – Nil).

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**13. SHARE CAPITAL (continued)**

**Warrants (continued)**

<b>Warrants - Issued and Outstanding</b>	<b>Number</b>
Balance, December 31, 2022	95,449,447
Expired	(6,282,780)
Balance, December 31, 2023	89,166,667
Addition	14,893,800
Expired	(89,166,667)
<b>Balance, September 30, 2024</b>	<b>14,893,800</b>

The following table summarizes the warrants exercisable as at September 30, 2024:

<b>Exercise price CAD\$</b>	<b>Number of Outstanding and Exercisable Warrants</b>	<b>Expiry Date</b>	<b>Remaining Contractual Life (Years)</b>
0.070	14,842,300	08-Mar-27	2.44
0.070	51,500	27-Mar-27	2.49
0.070	14,893,800		2.44

The following table summarizes the warrants exercisable as at December 31, 2023:

<b>Exercise Price CAD\$</b>	<b>Number of Outstanding and Exercisable Warrants</b>	<b>Expiry Date</b>	<b>Remaining Contractual Life (Years)</b>
0.400	83,333,334	16-Sep-24	0.71
0.375	5,833,333	16-Sep-24	0.71
0.398	89,166,667		0.71

The fair valuation of warrants granted on March 8, 2024, and March 27, 2024, was calculated using the Black-Scholes option pricing model with the following assumptions:

<b>Warrant grant date</b>	<b>March 8, 2024</b>	<b>March 27, 2024</b>
Number of warrants and finder warrants granted	14,842,300	51,500
Share price on grant date (in CAD):	\$ 0.055	\$ 0.045
Exercise price (in CAD):	\$ 0.070	\$ 0.070
Risk-free interest rate:	4.07%	4.16%
Forfeiture rate:	0.00%	0.00%
Expected dividend yield:	0.00%	0.00%
Expected option life (years)	3	3
Expected stock price volatility	138.37%	137.26%

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**14. 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 expected credit loss provision 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 \$359,651 as at September 30, 2024 (December 31, 2023 – \$229,916).

As at September 30, 2024, 46% of the Company's accounts receivable and others balance was due from a customer, (December 31, 2023 – 62% of the Company's accounts receivable and others balance was due from a customer).

As at September 30, 2024, the accounts receivable and others were as follows:

	0-30 days	31-90 days	91+ days	Total
	\$	\$	\$	\$
Accounts receivable and others	57,546	117,809	184,296	359,651

As at December 31, 2023, the accounts receivable and others were as follows:

	0-30 days	31-90 days	91+ days	Total
	\$	\$	\$	\$
Accounts receivable and others	4,031	154,021	71,864	229,916

An expected credit loss provision 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. As at September 30, 2024, the Company uses simplified provision matrix to determine expected credit losses amounting to \$Nil (December 31, 2023 – \$Nil).

**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.

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Liquidity Risk (continued)**

As at September 30, 2024, 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	700,212	700,212	700,212	—	—	—	—
Lease obligations	1,833,317	2,206,378	627,815	645,541	658,663	198,331	76,028
Payable to related party	1,076,275	1,265,509	501,484	454,285	309,740	—	—
Decommission cost	377,251	445,000	—	—	350,000	—	95,000
<b>Total</b>	<b>3,987,055</b>	<b>4,617,099</b>	<b>1,829,511</b>	<b>1,099,826</b>	<b>1,318,403</b>	<b>198,331</b>	<b>171,028</b>

As at December 31, 2023, 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	802,974	802,974	802,974	—	—	—	—
Lease obligations	2,127,936	2,676,701	620,894	630,979	652,478	614,190	158,160
Payable to related party	1,371,266	1,672,597	536,883	489,684	442,486	203,544	—
Decommission cost	377,251	445,000	—	—	—	350,000	95,000
<b>Total</b>	<b>4,679,427</b>	<b>5,597,272</b>	<b>1,960,751</b>	<b>1,120,663</b>	<b>1,094,964</b>	<b>1,167,734</b>	<b>253,160</b>

**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, 2024, and December 31, 2023:

	September 30, 2024 \$	December 31, 2023 \$
Cash	1,991,888	2,104,847
Accounts receivable and others	184,719	141,133
Deposits	23,291	179,447
Trade payable and accrued liabilities	(390,091)	(337,766)
Lease obligations	281,931	(290,210)
<b>Total</b>	<b>2,091,738</b>	<b>1,797,451</b>

The overall effect on earnings before tax of a 10% strengthening or weakening of the Canadian dollar against the US dollar as at September 30, 2024 on the above net assets, with all other variables held constant, is \$284,560 (December 31, 2023 – \$242,571).

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**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 relates to its right of use assets, discounting of financial instruments and 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 payables and accrued liabilities, payable to related party approximate their carrying values due to the short-term nature of these instruments.

**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 FVTPL.

During the three and nine months ended September 30, 2024, no assets were transferred between levels (December 31, 2023 – no transfers).

**15. 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](http://www.bitcoincharts.com) and [www.coinmarketcap.com](http://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 at September 30, 2024, would be \$123,187 (December 31, 2023 – \$31,072).

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**16. 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.

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.

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, 2023.

**17. 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, 2024 and 2023 are listed below.

	Three Months Ended September 30, 2024					
	Canada		USA		Head Office	Total
	Mining	Hosting	Mining	Hosting		
	\$	\$	\$	\$	\$	\$
<b>Income from mining of digital currency</b>						
Digital assets mined	99,975	—	72,448	—	—	172,423
Hosting income	—	430	—	176,504	—	176,934
Site operating costs	(168,479)	—	(113,108)	—	—	(281,587)
Depreciation of right-of-use assets	(6,108)	—	(83,318)	—	—	(89,426)
Depreciation of property and equipment	(120,169)	—	(23,074)	—	—	(143,243)
Realized gain (loss) on digital currencies	—	—	—	—	—	—
<b>Net (loss) income before operating expenses</b>	<b>(194,781)</b>	<b>430</b>	<b>(147,052)</b>	<b>176,504</b>	<b>—</b>	<b>(164,899)</b>
<b>Operating and other expenses (income)</b>						
Interest and bank charges	160	—	526	—	812	1,498
Interest on related party loan	9,768	—	9,503	15,144	—	34,415
Interest expense on lease obligations	1,894	—	51,575	—	—	53,469
Management fees, salaries and wages	30,532	—	28,727	—	103,348	162,607
Office and administration	15,556	—	37,331	—	18,458	71,345
Professional fees	1,463	—	15,206	—	55,659	72,328
Share based compensation	—	—	—	—	—	—
Revaluation (gain) on digital currencies	—	—	(9,161)	—	—	(9,161)
(Gain) on disposal of property and equipment	(39,208)	—	—	—	—	(39,208)
Other (income)	—	—	—	—	(29)	(29)
Foreign exchange loss	39	35	91	10	124	299
<b>Total operating and other expenses</b>	<b>20,204</b>	<b>35</b>	<b>133,798</b>	<b>15,154</b>	<b>178,372</b>	<b>347,563</b>
<b>Net (loss) income before tax</b>	<b>(214,985)</b>	<b>395</b>	<b>(280,850)</b>	<b>161,350</b>	<b>(178,372)</b>	<b>(512,462)</b>
Income tax recovery	—	—	—	—	—	—
<b>Net (loss) income</b>	<b>(214,985)</b>	<b>395</b>	<b>(280,850)</b>	<b>161,350</b>	<b>(178,372)</b>	<b>(512,462)</b>
Currency translation gain	—	—	—	—	6,777	6,777
<b>Net comprehensive (loss) income</b>	<b>(214,985)</b>	<b>395</b>	<b>(280,850)</b>	<b>161,350</b>	<b>(171,595)</b>	<b>(505,685)</b>

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**17. SEGMENTED INFORMATION (continued)**

	Three Months Ended September 30, 2023					
	Canada		USA		Head Office	Total
	Mining	Hosting	Mining	Hosting	Office	Total
	\$	\$	\$	\$	\$	\$
<b>Income from mining of digital currency</b>						
Digital assets mined	205,108	—	275,760	—	—	480,868
Hosting income	—	—	—	412,984	—	412,984
Site operating costs	(307,640)	—	(266,694)	—	—	(574,334)
Depreciation of right-of-use assets	(8,854)	—	(100,064)	—	—	(108,918)
Depreciation of property and equipment	(964,141)	—	(138,302)	—	—	(1,102,443)
Realized loss on digital currencies	(2,718)	—	—	—	—	(2,718)
<b>Net (loss) income before operating expenses</b>	(1,078,245)	—	(229,300)	412,984	—	(894,561)
<b>Operating and other expenses (income)</b>						
Interest and bank charges	9,607	—	14,274	19,122	1,257	44,260
Interest expense on lease obligations	6,087	—	60,502	—	—	66,589
Management fees, salaries and wages	32,660	—	27,270	—	104,108	164,038
Office and administration	4,407	—	60,745	—	(2,286)	62,866
Professional fees	439	—	16,116	—	18,157	34,712
Revaluation loss on digital currencies	2,223	—	—	—	—	2,223
Share based compensation	—	—	—	—	49,035	49,035
Foreign exchange loss	—	—	—	—	135,026	135,026
Loss (gain) on disposal of property and equipment	—	—	—	—	—	—
Other (income)	—	—	—	—	(145,614)	(145,614)
Impairment of intangible assets	32,211	—	—	—	—	32,211
Total operating and other expenses	87,634	—	178,907	19,122	159,683	445,346
<b>Net (loss) income before tax</b>	(1,165,879)	—	(408,207)	393,862	(159,683)	(1,339,907)
Income tax expense	—	—	—	—	—	—
<b>Net (loss) income</b>	(1,165,879)	—	(408,207)	393,862	(159,683)	(1,339,907)
Currency translation loss	—	—	—	—	(22,582)	(22,582)
<b>Net comprehensive (loss) income</b>	(1,165,879)	—	(408,207)	393,862	(182,265)	(1,362,489)

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**17. SEGMENTED INFORMATION (continued)**

	Nine Months Ended September 30, 2024						Total
	Canada		USA		Head	Office	
	Mining	Hosting	Mining	Hosting	\$		
	\$	\$	\$	\$	\$	\$	
<b>Income from mining of digital currency</b>							
Digital assets mined	643,147	—	466,070	—	—	1,109,217	
Hosting income	—	2,302	—	945,136	—	947,438	
Site operating costs	(695,007)	—	(466,591)	—	—	(1,161,598)	
Depreciation of right-of-use assets	(18,325)	—	(249,950)	—	—	(268,275)	
Depreciation of property and equipment	(637,550)	—	(122,421)	—	—	(759,971)	
Realized gain on digital currencies	31,104	—	—	—	—	31,104	
<b>Net (loss) income before operating expenses</b>	<b>(676,631)</b>	<b>2,302</b>	<b>(372,892)</b>	<b>945,136</b>	<b>—</b>	<b>(102,085)</b>	
<b>Operating and other expenses (income)</b>							
Interest and bank charges	586	—	1,925	—	2,973	5,484	
Interest on related party loan	31,817	—	30,954	49,325	—	112,096	
Interest expense on lease obligations	5,983	—	162,916	—	—	168,899	
Management fees, salaries and wages	93,485	—	87,960	—	316,445	497,890	
Office and administration	52,127	—	125,092	—	61,850	239,069	
Professional fees	3,847	—	39,977	—	146,322	190,146	
Share based compensation	—	—	—	—	9,204	9,204	
Revaluation loss on digital currencies	—	—	25,024	—	—	25,024	
Loss on disposal of property and equipment	471,385	—	—	—	—	471,385	
Other (income)	—	—	—	—	(1,807)	(1,807)	
Foreign exchange loss	15,431	13,717	36,532	3,942	48,738	118,360	
Total operating and other expenses	674,661	13,717	510,380	53,267	583,725	1,835,750	
<b>Net (loss) income before tax</b>	<b>(1,351,292)</b>	<b>(11,415)</b>	<b>(883,272)</b>	<b>891,869</b>	<b>(583,725)</b>	<b>(1,937,835)</b>	
Income tax recovery	—	—	—	—	—	—	
<b>Net (loss) income</b>	<b>(1,351,292)</b>	<b>(11,415)</b>	<b>(883,272)</b>	<b>891,869</b>	<b>(583,725)</b>	<b>(1,937,835)</b>	
Currency translation gain	—	—	—	—	50,907	50,907	
<b>Net comprehensive (loss) income</b>	<b>(1,351,292)</b>	<b>(11,415)</b>	<b>(883,272)</b>	<b>891,869</b>	<b>(532,818)</b>	<b>(1,886,928)</b>	

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**17. SEGMENTED INFORMATION (continued)**

	Nine Months Ended September 30, 2023						Total
	Canada		USA			Head Office	
	Mining	Hosting	Mining	Hosting	Miner Sales		
	\$	\$	\$	\$	\$	\$	
<b>Income from mining of digital currency</b>							
Digital assets mined	783,733	—	678,324	—	—	1,462,057	
Hosting income	—	—	—	1,237,428	—	1,237,428	
Site operating costs	(987,577)	—	(618,526)	—	—	(1,606,103)	
Depreciation of right-of-use assets	(27,739)	—	(298,871)	—	—	(326,610)	
Depreciation of property and equipment	(3,236,477)	—	(414,904)	—	—	(3,651,381)	
Realized gain on digital currencies	13,856	—	—	—	—	13,856	
<b>Net (loss) income before operating expenses</b>	(3,454,204)	—	(653,977)	1,237,428	—	(2,870,753)	
<b>Operating and other expenses (income)</b>							
Interest and bank charges	43,780	—	39,622	67,611	3,723	154,736	
Interest expense on lease obligations	18,675	—	188,574	—	—	207,249	
Management fees, salaries and wages	136,247	—	97,756	—	300,692	534,695	
Office and administration	14,604	—	305,657	—	87,216	407,477	
Professional fees	6,638	—	19,236	—	69,308	95,182	
Revaluation (gain) on digital currencies	(6,533)	—	—	—	—	(6,533)	
Share based compensation	—	—	—	—	107,770	107,770	
Foreign exchange loss	—	—	—	—	18,633	18,633	
Loss on disposal of property and equipment	163	—	—	—	—	163	
Other expenses	—	—	—	—	8,777	8,777	
Impairment of intangible assets	96,634	—	—	—	—	96,634	
Total operating and other expenses	310,208	—	650,845	67,611	596,119	1,624,783	
<b>Net (loss) income before tax</b>	(3,764,412)	—	(1,304,822)	1,169,817	(596,119)	(4,495,536)	
Income tax expense	—	—	—	—	—	—	
<b>Net (loss) income</b>	(3,764,412)	—	(1,304,822)	1,169,817	(596,119)	(4,495,536)	
Currency translation loss	—	—	—	—	(53,553)	(53,553)	
<b>Net comprehensive (loss) income</b>	(3,764,412)	—	(1,304,822)	1,169,817	(649,672)	(4,549,089)	

The disclosures with regards to the Company's aforementioned segments as at September 30, 2024 and December 31, 2023 are listed below:

	Canada		USA			Head Office	Total
	Mining	Hosting	Mining	Hosting	Miner Sales		
	\$	\$	\$	\$	\$	\$	\$
<b>As at September 30, 2024</b>							
Total assets	4,879,052	351,067	2,277,592	1,836,826	—	1,264,188	10,608,725
Total non-current assets	3,437,264	247,324	1,604,550	1,294,033	—	890,613	7,473,784
Total liabilities	2,068,861	148,862	965,765	778,867	—	536,050	4,498,405
<b>As at December 31, 2023</b>							
Total assets	5,847,127	420,723	2,519,624	2,201,279	209,875	1,515,022	12,713,650
Total non-current assets	4,578,612	329,449	2,137,343	1,723,719	—	1,186,343	9,955,466
Total liabilities	2,387,286	171,775	1,114,410	898,747	—	618,559	5,190,777

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**18. SUBSEQUENT EVENTS**

On October 2, 2024, the Company provided an update on operations:

- In September 2024, the Company's ASIC miners located in Quebec, Canada were shut down, reducing its total Hashrate by 27.12 PH/s. This led to a monthly revenue decline of USD\$36,630 but also generated cost savings of USD\$58,603 per month on power and hosting fees. (Source: <https://whattomine.com/> Mining metrics are calculated based on a BTC – USD exchange rate of 1 BTC = \$61,452 updated at 2024-10-02 01:50:10 UTC).
- As at October 2, 2024, the Company maintained a self-mining Hashrate of 21.26 PH/s, from ASIC miners operating under the off-peak program in Utah, USA, contributing USD\$28,711 in monthly revenue. (Source: <https://whattomine.com/> Mining metrics are calculated based on a BTC – USD exchange rate of 1 BTC = \$61,452 updated at 2024-10-02 01:50:10 UTC).
- Older generation Bitcoin miners, GPU rigs and GPU cards located in Quebec, Canada are to be sold as expeditiously as possible depending upon prevailing market conditions.
- As at October 2, 2024, the Company had spare aggregate Equipment Hosting capacity of approximately 12 MW located at its award-winning data centre facilities in Utah, USA. The Company planned to execute new Equipment Hosting Agreements for the available mining capacity as expeditiously as possible.
- 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 continued to consider and perform diligence on potential transactions and opportunities.
- The Company was in a strong financial position and was well capitalized.
- As at October 2, 2024, the Company held 7.6 BTC and USD\$1.98 million (CAD\$2.7 million) in cash.
- The Company has made payments and deposits for buildings, infrastructure equipment and security deposit payments of USD\$2.4 million (CAD\$3.3 million).