CRYPTOSTAR CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in US dollars, unless otherwise stated)

CRYPTOSTAR CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

Management's Responsibility

To the Shareholders of CryptoStar Corp.:

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

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

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

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

April 29, 2026

KINGSTON
ROSS
PASNAK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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April 29, 2026
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CryptoStar Corp.

Opinion

We have audited the consolidated financial statements of CryptoStar Corp. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company has an accumulated deficit and incurred a net loss for the year ended December 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in the notes to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. This matter was addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be key audit matters to be communicated in our auditor's report

(continues)

Revenue from digital assets mined

We refer to the financial statement summary of material accounting policy information on digital assets mined and related disclosure in Note 7.

For the year ended December 31, 2025, revenue generated from digital asset mining amounted to $291,501. The Company recognizes revenue from the provision of transaction verification services within digital currency blockchains. As consideration for these services, the Company receives digital currency from each specific blockchain in which it participates. Revenue is measured based on the fair value of the coins received.

Revenue from digital currency mined is significant to our audit because mining of digital currency is an emerging industry with unique technological aspects that raise a number of auditing challenges. Given the nature of this revenue stream, significant audit efforts are required.

To address the risk for material misstatement on revenue from digital currency mined, our audit procedures included, amongst other procedures:

- Obtained the assistance from professionals with specialized skills in distributed ledger technology, digital currency and cryptography.
- Conducted substantive analytical procedures, which include tests of the accuracy, valuation and completeness of the underlying data.
- Traced digital currency received and recognized as revenue directly to the blockchain.
- Assessed the recognition and valuation processes and practices.
- Tested the value of digital currency received and recognized as revenue using the daily quoted price from a reputable source

We assessed the adequacy of the Company's disclosures related to revenue recognition.

Impairment assessment for the digital asset mining cash-generating units ("CGUs")

We refer to financial statement summary of material accounting policy information on impairment assessment and considerations and related disclosure in Note 8.

At December 31, 2025, the value of mining and mining related equipment amounted to $1,226,060, (herein referred to as "mining related assets"). The Company reviews indicators of impairment at each statement of financial position date and when events or changes in circumstances indicate that the mining related assets CGUs may be impaired. We identified the Company's impairment assessment of mining related assets CGUs as a key audit matter.

This impairment test is significant to our audit because the Company identified indicators of impairment for its mining related assets CGUs, resulting in a complex analysis of potential impairment of mining related assets. In addition, certain aspects of management's assessment process highly judgmental and is based on assumptions, which are impacted by expected future market or economic conditions, giving rise to high estimation uncertainty.

To address the risk for material misstatement on the impairment assessment of mining related assets, our audit procedures included, amongst other procedures:

- Evaluated the reasonableness of the Company's cash flows by comparing projections to, among others, historical expenses and operations and current business plans.
- Evaluated the assumptions, methodologies and data used by the Company.
- Tested the completeness and accuracy of the underlying data used in the Company's valuation models.
- Performed a sensitivity analysis on significant management assumptions used in the valuation model.

We assessed the adequacy of the Company's disclosures related to impairment assessment of mining related assets.

(continues)

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(continues)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Justin Rousseau.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

CRYPTOSTAR CORP.
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(Expressed in US dollars, unless otherwise stated)

	Note	As at December 31, 2025 $	As at December 31, 2024 $
Assets			
Current assets			
Cash		1,196,551	1,973,876
Accounts receivable and others	17	194,067	21,113
Digital currencies	7	145,514	344,870
		1,536,132	2,339,859
Property and equipment	8	1,226,060	3,511,513
Right-of-use assets	10	730,720	1,147,060
Deposits	5	528,382	549,592
Total assets		4,021,294	7,548,024
Liabilities and shareholders' equity			
Current liabilities			
Trade payable and accrued liabilities		411,425	878,171
Advances from customers	11	159,999	159,999
Payable to related party	12	393,321	393,321
Lease obligations	10	496,040	422,076
		1,460,785	1,853,567
Lease obligations	10	552,759	1,048,799
Decommission cost	13	422,210	377,251
Payable to related party	12	196,660	589,981
Total liabilities		2,632,414	3,869,598
Shareholders' equity			
Share capital	14	37,505,567	37,505,567
Shareholder contribution	14	2,288,074	3,292,725
Warrant and option reserve	12 & 14	19,973,905	19,973,905
Deficit		(58,406,454)	(57,291,128)
Accumulated other comprehensive gain		27,788	197,357
Total shareholders' equity		1,388,880	3,678,426
Total liabilities and shareholders' equity		4,021,294	7,548,024

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Approved on behalf of the Board of Directors on April 29, 2026

/s/Christopher Malone *Director*

/s/Amelia Jones *Director*

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

CRYPTOSTAR CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2025 and 2024
(Expressed in US dollars, unless otherwise stated)

		For the Years Ended December 31,	
		2025	**2024**
	Note	**$**	**$**
Revenue			
Digital assets mined	7	291,501	1,205,776
Hosting income		—	876,348
		291,501	2,082,124
Cost of revenue			
Site operating costs		(428,245)	(1,234,350)
Depreciation of right-of-use assets	10	(416,340)	(354,611)
Depreciation of property and equipment	8	(534,367)	(892,879)
Gross loss		(1,087,451)	(399,716)
Realized gain on digital currencies	7	76,016	209,505
Net loss before operating expenses		(1,011,435)	(190,211)
Operating expenses			
Interest and bank charges		4,913	17,667
Interest on related party loan	12	96,364	148,919
Management fees, salaries and wages	12	601,558	678,632
Share based compensation	12 & 14	—	9,204
Office and administration		152,317	554,886
Professional fees		326,536	375,625
Total operating expenses		1,181,688	1,784,933
Net loss before other items		(2,193,123)	(1,975,144)
Other (expense) income			
Foreign exchange gain (loss)		189,402	(686,701)
Interest expense on lease obligations	10	(151,305)	(217,693)
Write down of inventory	6	—	(209,875)
Impairment of property and equipment	8	(72,923)	(1,296,333)
Impairment of goodwill	9	—	(214,389)
Impairment of intangible assets	9	—	(19,754)
Revaluation loss on digital currencies	7	(123,527)	—
Loss on disposal of property and equipment	8	(181,865)	(380,029)
Gain on cancellation of lease	10	—	54,116
Other income	15	605,483	417,811
Other expense	15	(192,119)	—
Net loss before tax		(2,119,977)	(4,527,991)
Income tax expense		—	(60,127)
Net loss		(2,119,977)	(4,588,118)
Revaluation gain on digital currencies	7	—	75,486
Currency translation (loss) gain		(169,569)	193,810
Net comprehensive loss		(2,289,546)	(4,318,822)
Loss per share, basic and diluted		(0.005)	(0.010)
Weighted average shares, basic and diluted		428,605,931	441,107,006

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

CRYPTOSTAR CORP.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024
(Expressed in US dollars, unless otherwise stated)

	Note	Share Capital: Shares Issued	Share Capital: Amount $	Shareholder Contribution $	Warrant and Option Reserve $	Deficit $	Accumulated Other Comprehensive (Loss) Income * $	Total $
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	14	14,460,000	304,440	—	229,849	—	—	534,289
Issuance cost - cash	14	—	(39,383)	—	(29,735)	—	—	(69,118)
Issuance of shares - finder's fees	14	433,800	17,695	—	13,360	—	—	31,055
Issuance cost - non-cash	14	—	(31,055)	—	—	—	—	(31,055)
Share based compensation	12 & 14	—	—	—	9,204	—	—	9,204
Net loss for the year		—	—	—	—	(4,588,118)	—	(4,588,118)
Other comprehensive gain		—	—	—	—	—	75,486	75,486
Unrealized gain on currency translation		—	—	—	—	—	193,810	193,810
As at December 31, 2024	**14**	443,909,869	37,505,567	3,292,725	19,973,905	(57,291,128)	197,357	3,678,426
As at December 31, 2024		443,909,869	37,505,567	3,292,725	19,973,905	(57,291,128)	197,357	3,678,426
Shares cancelled	14	(20,312,500)	—	(1,004,651)	—	1,004,651	—	—
Net loss for the year		—	—	—	—	(2,119,977)	—	(2,119,977)
Unrealized loss on currency translation		—	—	—	—	—	(169,569)	(169,569)
As at December 31, 2025	**14**	423,597,369	37,505,567	2,288,074	19,973,905	(58,406,454)	27,788	1,388,880

* Accumulated other comprehensive income balance as at December 31, 2025 comprises of revaluation gain on digital currencies amounting to $100,789 (December 31, 2024: $100,789) and foreign currency translation loss of $73,001 (December 31, 2024: gain of $96,568).

CRYPTOSTAR CORP.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Expressed in US dollars, unless otherwise stated)

	For the Years Ended December 31,	
	2025	**2024**
	$	**$**
Operating activities		
Net loss for the year	(2,119,977)	(4,588,118)
Adjusted for:		
Depreciation of property and equipment	534,367	892,879
Income from mining of digital currencies	(291,501)	(1,205,776)
Realized gain on digital currencies	(76,016)	(209,505)
Revaluation loss on digital currencies	123,527	—
Share based compensation	—	9,204
Write down of inventory	—	209,875
Impairment of property and equipment	72,923	1,296,333
Impairment of goodwill	—	214,389
Impairment of intangible assets	—	19,754
Depreciation of right-of-use assets	416,340	354,611
Interest expense on lease obligations	151,305	217,693
Interest expense on payable to related party	96,364	148,919
Foreign exchange loss on right-of-use assets and lease obligations	—	1,102
Loss on disposal of property and equipment	181,865	380,029
Gain on cancellation of Lease	—	(54,116)
Decommissioning cost	44,959	—
Write down of security deposits	21,210	—
Changes in non-cash working capital items:		
Accounts receivable and others	(173,011)	208,766
Deposits and prepaid expenses	—	9,205
Trade payable and accrued liabilities	(466,190)	81,313
Advances from customers	—	(351,351)
Cash used in operating activities	(1,483,835)	(2,364,794)
Investing activities		
Proceeds from sale of digital currencies	443,346	1,271,102
Purchases of property and equipment, net of deposits	(38,376)	2,992
Proceeds from disposal of property and equipment	1,534,724	912,950
Deposits	—	179,448
Cash provided by investing activities	1,939,694	2,366,492
Financing activities		
Repayment of payable to related party	(489,685)	(536,883)
Repayment of loan to related party	—	(616,188)
Payment of lease obligations	(573,381)	—
Proceeds from private placement, net of issuance cost	—	465,171
Cash used in financing activities	(1,063,066)	(687,900)
Effect of foreign exchange on cash	(170,118)	479,088
Net change in cash during the year	(777,325)	(207,114)
Cash, beginning of the year	1,973,876	2,180,990
Cash, end of the year	1,196,551	1,973,876
Supplemental cash flow information:		
Interest paid	(151,305)	(217,693)

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

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.

Going concern

These 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 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.

For the year ended December 31, 2025, the Company incurred a net loss of $2,119,977 (2024 - $4,588,118) and as at December 31, 2025, the Company has an accumulated deficit of $58,406,454 (2024: $57,291,128). In addition, the Company incurred operating cash-outflow for the year ended December 31, 2025, of $1,483,835 (2024: $2,364,794). The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding, sale of group of assets and to generate sufficient revenues from mining and hosting services and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management has assessed the Company's ability to continue as a going concern and, based on its historical access to capital markets, believes it may be able to raise additional funding if required. The Company also holds infrastructure assets, including its data centre operations, which may provide liquidity through potential monetisation or financing arrangements. In addition, the Company continues to pursue strategic initiatives that could support future cash flows. Based on these factors and the Company's cash flow forecasts, management believes that the Company has sufficient resources to meet its obligations for at least 12 months from the date of approval of the financial statements; however, this is subject to uncertainties and remains dependent on the Company's ability to generate adequate cash flows and, if necessary, obtain additional financing.

2. BASIS OF PRESENTATION AND CONSOLIDATION

Statement of Compliance

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

The Board of Directors approved these consolidated financial statements on April 29, 2026.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

For comparative purposes, the Company has reclassified certain immaterial items to conform with the current year presentation.

2. BASIS OF PRESENTATION AND CONSOLIDATION (continued)

Functional and Presentation Currency

These 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 consolidated financial statements for the year ended December 31, 2025 and 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 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 consolidated financial statements are prepared using uniform accounting policies by all subsidiaries of the Company.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Revenue Recognition

The Company derives its income from digital currencies received for providing "mining" services to digital currency blockchains. Mining is the Company's principal business activity and is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult mathematical problem. Revenue is recognized by the Company when payment, in the form of digital currency, is received for mining services rendered. Revenue is measured based on the fair value of the digital currency received. Any difference between the fair value of cryptocurrency recorded upon receipt from mining activities and the actual realized price upon disposal are recorded as a gain or loss on disposition of cryptocurrency. The fair value is determined using the daily weighted close price for the digital currency on www.bitcoincharts.com and www.coinmarketcap.com.

The Company also offers hosting and other service contracts. Hosting services provided by the Company include the ownership and management of data centre solutions for other cryptocurrency mining companies. For hosting and other service contracts, the Company has determined that the substance of the service contracts is the provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligation is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue Recognition (continued)

Revenue from the sale of miners is recognized when the goods are delivered, less an estimate for sales returns. Revenue from the sale of goods is measured at the fair value of the consideration received less an appropriate deduction for returns and discounts, net of sales taxes. Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgment exercised by management.

Digital Currencies

Digital currencies meet the definition of intangible assets in International Accounting Standards ("IAS") 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at the fair value of the acquisition date and the revaluation method is used to measure the digital assets subsequently. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in the Consolidated Statements of Loss and Comprehensive Loss. The Company revalues its digital assets at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to the Consolidated Statements of Loss and Comprehensive Loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in the Consolidated Statements of Loss and Comprehensive Loss, that increase is recorded in the Consolidated Statements of Loss and Comprehensive Loss.

Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

Digital currencies primarily consist of Bitcoin and Ethereum and are measured at fair value using the quoted price on www.bitcoincharts.com and www.coinmarketcap.com. Management considers this fair value to be a level two input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

The digital currencies are valued based on the daily weighted closing price obtained from www.coinmarketcap.com at the time the digital currency is mined and at the reporting date for any digital currencies that are held.

The Company's determination to classify its holding of digital currencies as current assets is based on management's assessment that its digital currencies held can be considered to be a commodity that may be readily sold because liquid markets are available.

Intangible Assets

Intangible assets with finite useful lives are measured at cost and are amortized on a straight-line basis over their estimated useful lives. Intangible assets relate to an agreement with Tier 1 Solutions Inc. and have estimated useful lives of 5 years from the date it is put to use. The estimated useful lives and amortization methods are reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis. Amortization is recognized on a straight-line basis over the term of each agreement.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and Equipment (continued)

Mining equipment is depreciated on a straight-line basis over a 2 or 3 year estimated useful life.

Other property and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. The estimated useful life of mining containers included in other property and equipment is 3 years and the estimated useful life of leasehold improvements is 10 years.

Construction in progress is stated at cost, net of accumulated impairment losses, and is not depreciated until placed in use.

Impairment of Non-Financial Assets

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

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing VIU, the estimated future cash flows to be derived from continuing use of the asset or CGU are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. FVLCD is the price that would be received to sell an asset or CGU in an orderly transaction between market participants at the measurement date, less the costs of disposal. When a binding sale agreement is not available, FVLCD is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognized. An impairment loss in respect of goodwill is not reversed.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in the Consolidated Statements of Loss and Comprehensive Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income Taxes (continued)

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

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through the Consolidated Statements of Loss and Comprehensive Loss ("FVTPL"), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

Classification and Subsequent Measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

a) Amortized cost;
b) Fair value through the Consolidated Statements of Loss and Comprehensive Loss (FVTPL); and
c) Fair value through other comprehensive income ("FVTOCI").

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

a) The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method, less any impairment, with gains and losses recognized in net loss in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest method with gains and losses recognized in net loss in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Asset / Liability	**Classification / Measurement**
Cash	FVTPL
Accounts receivable and others	Amortized cost
Trade payable and accrued liabilities	Amortized cost
Advances from customers	Amortized cost
Lease obligations	Amortized cost
Payable to related party	Amortized cost

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of Financial Assets

Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the date of the consolidated statement of financial position. For accounts receivable, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will enter bankruptcy or reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of loss and comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statements of loss and comprehensive loss for the period to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash

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

Equity

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the consolidated statements of loss and comprehensive loss.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Segmented Reporting

A business segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer ("CEO"), being the chief operating decision maker (“CODM”), to make decisions about the allocation of resources and to assess their performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, head office expenses, personnel costs, other income and foreign exchange gains and losses. As at December 31, 2025 and 2024, the Company had 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.

Lease

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Lease (continued)

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise prices under a purchase price option that the Company is reasonably certain to exercise,
- Payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease obligation is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the Consolidated Statements of Loss and Comprehensive Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease obligations for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Business Combination

The Company applies the acquisition method in accounting for business combinations by allocating the purchase price to the fair value of the assets acquired at the acquisition date, with any difference recognized as goodwill.

The Company measures all assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of the consideration transferred to obtain control over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Inventory

Inventories are valued at the lower of cost (determined by the first-in, first-out method) and net realizable value. Management compares the cost of inventories with the net realizable value and an allowance is made for writing down their inventories to net realizable value, if lower. The Company periodically assesses its inventory for slow-moving and/or obsolete items and any change in the allowance is recorded in the accompanying consolidated statements of loss and comprehensive loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Decommission Cost

Decommissioning liabilities are recorded when the underlying activities requiring future decommissioning obligations are incurred. If a reasonable estimate of the expected costs to settle the liability can be determined, the liabilities are measured at the present value, discounted at a current pre-tax rate specific to the liability. In subsequent periods, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows, or from changes in the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing, the amount of the original estimate of the undiscounted cash flows, or a change of the discount rate are accounted for as part of the carrying amount of the related lease asset or PPE. The carrying amount of the decommissioning liability is reviewed at each reporting date to reflect current estimates and changes in the discount rate.

Loss Per Share

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of shares outstanding. Diluted loss per share is calculated in a similar manner, except that the weighted average number of shares outstanding is increased to include potentially issuable shares from the assumed exercise of share purchase options and warrants, if dilutive. The diluted loss per share calculation excludes any potential conversion of options, warrants, and convertible debt that would increase earnings per share or decrease loss per share.

Share Based Compensation

Where equity settled share payments are awarded to management, employees and consultants, the fair value of the equity instruments at the date of grant is charged to the consolidated statements of loss and comprehensive loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the equity instruments granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the equity instruments, measured immediately before and after the modification, is also charged to the consolidated statements of loss and comprehensive loss.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance of common shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

Other Comprehensive Income or Loss

Other comprehensive income or loss is the change in equity from transactions and other events and circumstances from non-shareholder sources. Other comprehensive income or loss refers to items recognized in comprehensive income or loss, but that are excluded from net income or loss calculated in accordance with IFRS. The resulting changes from translating the financial statements of foreign operations into US dollars, the Company’s presentation currency, and the revaluation of digital currencies are recognized in other comprehensive income or loss for the year.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant Accounting Judgments and Estimates

The Company is in the business of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgments as to its accounting policies under IAS 8. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgments, however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's income and financial position as presented. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about estimates made in applying accounting policies that could potentially have an effect on the amounts recognized in the consolidated financial statements, are discussed below:

(a) *<u>Useful Lives and Residual Values of Property and Equipment</u>*

Management determines the estimated useful lives and residual values of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(b) *<u>Going Concern</u>*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(c) *<u>Share Based Compensation</u>*

The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an equity instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

(d) *<u>Income Taxes</u>*

The Company is subject to income tax assessment in multiple jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain.

The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant Accounting Judgments and Estimates (continued)

(d) *Income Taxes (continued)*

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of these consolidated financial statements. Additionally, estimating income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before such deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

(e) *Revenue Recognition*

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly described as “mining”. As consideration for these services, the Company receives digital currencies from the mining pools in which it participates. Revenue is recognized when the Company receives payouts from the mining pools in which it participates.

For hosting and other services contracts, the Company has determined that the substance of the service contracts is provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligations is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed.

The Company recognizes revenue from the sale of mining equipment once the risks and rewards of ownership of equipment are transferred to the customer and it is probable that the economic benefits associated with the sale contract will flow to the Company.

Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgment exercised by management.

(f) *Business Combination and Goodwill*

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Goodwill is assessed for indicators of impairment at each reporting date and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of goodwill exceeds its recoverable amount.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant Accounting Judgments and Estimates (continued)

(g) *Functional Currency*

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

(h) *Impairment of Non – Financial Assets*

The Company uses judgment in determining the grouping of assets to identify its CGUs for the purposes of testing for impairment of property and equipment and intangible assets. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate. Furthermore, on a quarterly basis, judgment has been used in determining whether there has been an indication of impairment, which would require the completion of a quarterly impairment test, in addition to the annual requirement.

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

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

(i) *Digital Currencies Classification*

Digital currencies generally meet the relatively wide definition of an intangible asset, as they are identifiable, lack physical substance, are controlled by the holder and give rise to future economic benefits for the holder.

Intangible assets should be accounted for under IAS 38, except when they are within the scope of another standard (e.g., crypto-assets that meet the definition of a financial asset under IAS 32 or crypto-assets held for sale in the ordinary course of business under IAS 2).

(j) *Digital Currencies Valuation*

Management has determined that revenues should be recognized as the fair value of digital currencies received in exchange for mining services on the date that digital currencies are received and subsequently measured as an intangible asset. Digital currencies consist of cryptocurrency denominated assets and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate less costs to sell. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. Fair value is determined by taking the price of the digital currencies from www.coinmarketcap.com.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant Accounting Judgments and Estimates (continued)

(k) *Decommission Cost*

The Company makes a number of estimates when calculating the fair value of its asset decommissioning obligation, which represent the present value of future decommissioning costs for its lease assets. Estimates of these costs are dependent on labor and material costs, inflation rates, salvage values, discount rates, the risk specific to the obligation, and the timing of the outlays.

(l) *Contingencies*

Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. Such contingencies include, but are not limited to, litigation, regulatory proceedings, tax matters and losses resulting from other events and developments. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgement regarding the outcome of future events.

4. 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, 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

Canadian Sustainability Reporting Standards (CSDS 1 and CSDS 2)

In December 2024, the Canadian Sustainability Standards Board (“CSSB”), released the final versions of the Canadian Sustainability Reporting Standards, CSDS 1 and CSDS 2 (collectively, the “Canadian Standards”). Currently the adoption of the Canadian Standards remains voluntary. These standards closely align with the ISSB’s international sustainability standards IFRS S1 and IFRS S2, but include certain differences and are applicable from January 1, 2025. Currently the adoption of the Canadian Standards remains voluntary, while the Canadian Securities Administrators are currently evaluating how and to what extent they will be incorporated into future reporting requirements. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

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, 2025, and, accordingly, have not been applied in preparing these consolidated financial statements.

4. CHANGES IN ACCOUNTING STANDARDS (continued)

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

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.

Annual Improvements

In July 2024, the IASB issued IFRS Accounting Standards Annual Improvements – Volume 11, which clarifies wording, correcting minor consequences, oversights, or conflicts among requirements in the Standards. The amendments affect IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 - Financial Instruments, IFRS 10 - Consolidated Financial Statements, and IAS 7 - Statement of Cash Flows. These amendments will be 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.

Contracts Referencing Nature- dependent Electricity

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to nature-dependent electricity contracts, which are those that generate variable levels based on uncontrollable factors such as weather conditions. These amendments will be 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.

(Expressed in US dollars, unless otherwise stated)

5. DEPOSITS AND PREPAID EXPENSES

	December 31, 2025 $	December 31, 2024 $
Current:		
Prepayments	—	—
Deposits made for mining equipment	—	—
	—	—
Long-term:		
Security deposits on leased premises	528,382	549,592
Total deposits and prepaid expenses	528,382	549,592

6. INVENTORY

Inventory represents mining equipment purchased by the Company with the intention to sell. Accordingly, the mining equipment is classified as inventory.

The Company did not hold any inventory as at December 31, 2025 and December 31, 2024. As a result, no inventory is presented on the balance sheet as at these dates.

The Company recorded an inventory write down of $Nil during the year ended December 31, 2025 (December 31, 2024 – $209,875).

7. 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 years ended December 31, 2025, and 2024.

	December 31, 2025		December 31, 2024	
	Number	$	Number	$
Bitcoin				
Balance, beginning of the year	3.69	344,377	2.94	124,712
Mined additions	2.91	291,501	20.51	1,205,776
Non-mining additions	—	—	—	—
Bitcoin sold	(4.92)	(443,346)	(19.76)	(1,271,102)
Bitcoin bought	—	—	—	—
Realized gain on digital currency	—	76,016	—	209,505
Revaluation (loss) gain on digital currency	—	(123,527)	—	75,486
Balance, end of the year	1.68	145,021	3.69	344,377
Ethereum				
Balance, beginning of the year	—	493	—	493
Mined additions	—	—	—	—
Ethereum sold	—	—	—	—
Ethereum bought	—	—	—	—
Realized gain (loss) on digital currency	—	—	—	—
Revaluation gain (loss) on digital currency	—	—	—	—
Balance, end of the year	—	493	—	493
Total digital currencies		145,514		344,870

(Expressed in US dollars, unless otherwise stated)

7. DIGITAL CURRENCIES (continued)

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

During the year ended December 31, 2025, the Company mined digital currencies of $291,501 (December 31, 2024 – $1,205,776).

During the year ended December 31, 2025, the Company disposed 4.92 Bitcoins and Nil Ethereum for $443,346 and $Nil respectively in cash and realized a gain of $76,016 (December 31, 2024 – 19.76 Bitcoins and Nil Ethereum for $1,271,103 and $Nil respectively in cash and realized a gain of $209,505).

During the year ended December 31, 2025, the Company has recorded revaluation loss on digital currencies of $123,527 (December 31, 2024 – revaluation gain on digital currencies of $75,486), These amounts are included in the consolidated statement of loss and comprehensive loss.

8. PROPERTY AND EQUIPMENT

	Mining Equipment	Other Property and Equipment	Construction in Progress	Total
	$	$	$	$
Cost				
Balance, December 31, 2023	13,562,009	11,796,702	4,632,397	29,991,108
Disposals	(6,594,950)	(68,401)	(1,287,277)	(7,950,628)
Balance, December 31, 2024	6,967,059	11,728,301	3,345,120	22,040,480
Additions	—	38,376	—	38,376
Reclass	—	512,713	(512,713)	—
Disposals	(2,831,283)	—	(2,649,374)	(5,480,657)
Balance, December 31, 2025	4,135,776	12,279,390	183,033	16,598,199
Accumulated depreciation				
Balance, December 31, 2023	12,887,907	9,844,030	—	22,731,937
Depreciation	378,164	514,715	—	892,879
Disposals	(6,594,950)	(62,699)	—	(6,657,649)
Impairment	—	—	1,296,333	1,296,333
Effect of foreign exchange	265,467	—	—	265,467
Balance, December 31, 2024	6,936,588	10,296,046	1,296,333	18,528,967
Depreciation	27,030	507,337	—	534,367
Disposals	(2,831,283)	—	(932,785)	(3,764,068)
Reclass	—	180,515	(180,515)	—
Impairment	—	72,923	—	72,923
Effect of foreign exchange	(50)	—	—	(50)
Balance, December 31, 2025	4,132,285	11,056,821	183,033	15,372,139
Net book value				
Balance, December 31, 2025	**3,491**	**1,222,569**	**—**	**1,226,060**
Balance, December 31, 2024	30,471	1,432,255	2,048,787	3,511,513

8. PROPERTY AND EQUIPMENT (continued)

Mining Equipment:

Management assessed the indicators of possible impairment to property and equipment as at December 31, 2025 and 2024, and determined that impairment indicators existed based on the market value of mining equipment, volatility in network difficulty levels and the Company's net assets being higher than its market capitalization. Management has calculated a recoverable amount of each CGU using the greater of value-in-use ("VIU") or fair value less costs of disposal ("FVLCD").

The Company determined the FVLCD for its mining equipment and used the following significant assumptions:

For the year ended December 31, 2025:

- Prices of ASIC mining equipment: $721 to $3,704 per machine
- Assuming nominal amounts of disposal costs

For the year ended December 31, 2024:

- Prices of ASIC mining equipment: $1,168 to $2,500 per machine
- Assuming nominal amounts of disposal costs

As a result of the impairment analysis, the fair value less costs of disposal ("FVLCD") of the mining equipment was greater than the carrying value and accordingly, no impairment loss was recorded during the year ended December 31, 2025 (December 31, 2024 – $Nil).

Construction in Progress:

During the period ended September 30, 2025, the Company disposed of 19 units of Hydro Fabricators containers for proceeds of $1,516,280. The assets had a historical cost of $2,649,374 and were subject to cumulative impairment losses of $932,785 prior to disposal. Accordingly, the Company recognized a loss on disposal of $252,089 in the consolidated statement of loss and comprehensive loss.

On October 1, 2025, the Company reclassified certain electrical equipment from construction in progress to electrical equipment, reflecting that the assets were available for their intended use. The reclassified assets had a historical cost of $512,713 and were subject to cumulative impairment losses of $180,515, resulting in a net book value of $332,198 at the date of reclassification.

As at December 31, 2025, the remaining assets classified under construction in progress had a historical cost of $183,033 and were fully impaired, with cumulative impairment losses equal to $183,033 and a net book value of nil. Accordingly, management determined that no further assessment of impairment indicators was required for these assets as at December 31, 2025.

Construction in progress is related to the construction of data centres and data centre components. Management assessed the indicators of possible impairment to the construction in progress for the year ended December 31, 2024, and determined that that there is an impairment and has calculated a recoverable amount of each CGU using the fair value less costs of disposal ("FVLCD"). The FVLCD was determined using Fair Market Value (FMV) methodology considering their current market conditions and their potential resale value.

As a result of the impairment analysis, the fair value less costs of disposal ("FVLCD") of the construction in progress was less than the carrying value and accordingly, impairment loss of $1,296,333 was recorded during the year ended December 31, 2024

No depreciation has been charged on construction in progress for the years ended December 31, 2025 and December 31, 2024, as these assets were not available for use.

8. PROPERTY AND EQUIPMENT (continued)

Other Property and Equipment:

a - Leasehold Improvements (Data Centres):

Management assessed indicators of impairment for the data centres as at December 31, 2025 and 2024 and concluded that indicators of impairment were present.

The recoverable amount of the data centres was determined based on fair value less costs of disposal (“FVLCD”), using a fair market value approach supported by an independent appraisal obtained in the prior year. For the year ended December 31, 2025, management performed additional corroborative procedures to support the continued use of the prior year valuation. This included an internal assessment of current market values for key data centre components, such as electrical infrastructure and specialized equipment, and benchmarking a sample of assets against observable market data, including vendor quotes and recent pricing information.

The results of these procedures indicated that current market values are consistent with or exceed those reflected in the prior year appraisal. Accordingly, management concluded that the FVLCD of the data centres exceeded their carrying value as at December 31, 2025, and no impairment loss was recognized.

b – Computer Equipment:

During the year ended December 31, 2025, the Company acquired specialized computer equipment (AIPC units comprising V100 graphic cards) used for AI processing and high-performance computing. The net book value (NBV) of these assets is approximately $37,571 as at December 31, 2025.

Management assessed internal and external indicators of impairment as at the reporting date and determined that no indicators of impairment were present. The assets continue to operate as intended and remain relevant to current operations.

Accordingly, management concluded that the recoverable amount of the computer equipment exceeds its carrying amount, and no impairment loss was recognized as at December 31, 2025.

c – Electrical Equipment:

As at December 31, 2025, the Company’s electrical equipment primarily comprises a transformer and related components, as well as high-capacity cabling. During the year, these assets were reclassified from work in progress to “Electrical Equipment,” reflecting management’s assessment that the assets are in the condition necessary for their intended use. Depreciation commenced in the fourth quarter of 2025, as the assets were considered available for use in accordance with IAS 16 *Property, Plant and Equipment*.

Management assessed indicators of impairment as at the reporting date and determined that indicators of impairment were present, primarily due to the assets not yet being deployed into operations. The recoverable amount was determined based on fair value less costs of disposal (“FVLCD”), using prior year fair market value as a baseline, adjusted to reflect current market conditions.

Based on observable market evidence, including comparable transactions, management applied a downward adjustment to the prior year valuation to estimate the current fair value. As a result, the recoverable amount was determined to be below the carrying value, and an impairment loss of $72,923 was recognized in the statement of profit or loss and comprehensive loss for the year ended December 31, 2025.

9. INTANGIBLE ASSETS

On November 26, 2019, the Company entered into a tri-party agreement with A.C.N. 117 402 838 PTY LTD ("ACN"), a shareholder of the Company, which is controlled by the management of CryptoStar, and Tier 1 Solutions Inc. ("Tier 1"). According to this agreement, the Company would pursue a series of transactions with Tier 1, consisting of a combination of rental agreements, options to purchase and a service agreement. The Company moved its existing operation from Iceland and USA to Canada (Newfoundland and Labrador). The Company will receive the benefit of the lower cost of utilities in Newfoundland and Labrador.

The Company agreed to pay CAD$75,000 upon the execution of the agreement and CAD$50,000 (totalling US$95,364) within 30 days from the date of the execution of the agreement. At December 31, 2019, the Company had paid CAD$75,000 to Tier 1. The Company paid CAD$50,000 to Tier 1 within 30 days from the date of the execution of the agreement. Subsequent to this agreement, the Company entered into a rental agreement with Tier 1 at one location in Newfoundland and Labrador and a service agreement with Tier 1.

Agreement with Tier 1

On December 16, 2019, ACN transferred 20,312,500 common shares of CryptoStar to Tier 1 and 8,125,000 common shares of CryptoStar to Twilight Capital Inc. ("Twilight") on behalf of the Company, to be released in four equal tranches over a period of 12 months. The fair value of the common shares transferred of $1,406,512 (CAD$1,848,437) was recorded in the consolidated financial statements as an intangible asset and a donation made in kind and recorded as a shareholder contribution in equity. This donation is not refundable and the asset will be available for sole benefit of the Company.

<u>For the year ended December 31, 2024:</u>

Management assessed the indicators of possible impairment to intangible assets for the year ended December 31, 2024, and determined that impairment indicators existed because the Company and Tier 1 was unable to obtain the power permits in Newfoundland from the local hydro authorities. On November 21, 2024, a settlement agreement was made to cancel the obligations of both parties.

As a result, management recorded an impairment of all intangible assets during the year ended December 31, 2024, amounting to $19,754.

Goodwill

Management assessed the indicators of possible impairment to goodwill for the years ended December 31, 2024, and 2023, which was initially recognized as a result of acquisition of Neuro Digital subsidiary during the year ended December 31, 2021, and determined that impairment indicators existed.

In Q3 2024, equipment related to Neuro Digital Inc. were sold, resulting in no remaining equipment in the subsidiary's books. As a consequence, the management has evaluated the carrying value of the goodwill associated with the acquisition and has concluded that goodwill is now fully impaired and a charge of $214,389 has been recorded in the Consolidated Statements of Loss and Comprehensive Loss for the year ended December 31, 2024.

(Expressed in US dollars, unless otherwise stated)

10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Right-of-use Assets	December 31, 2025 $	December 31, 2024 $
Cost		
Balance, beginning of the year	3,107,082	3,500,053
Lease cancellation	—	(392,971)
Balance, end of the year	3,107,082	3,107,082
Accumulated Depreciation		
Balance, beginning of the year	1,960,022	1,792,830
Depreciation	416,340	354,611
Lease cancellation	—	(188,111)
Exchange loss	—	692
Balance, end of the year	2,376,362	1,960,022
Net book value, end of the year	730,720	1,147,060

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

Lease Obligations	December 31, 2025 $	December 31, 2024 $
Balance, beginning of the year	1,470,875	2,127,936
Interest accretion	151,305	217,693
Lease payments	(573,381)	(616,188)
Lease cancellation	—	(258,976)
Exchange loss	—	410
Balance, end of the year	1,048,799	1,470,875
Current lease obligations	496,040	422,076
Non-current lease obligations	552,759	1,048,799
Balance, end of the year	1,048,799	1,470,875

As at December 31, 2025, the Company has two leases in total, the monthly gross rent payment was in the range of $14,742 to $34,690 (December 31, 2024 – $14,175 to $34,690) and remaining maturity term was in the range of 21 to 25 months (December 31, 2024 – 33 months to 37 months).

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

As on May 1, 2024. the Company entered into a sub lease agreement with Northorp Grumman Systems Corporation ("Sub Lessee") for the premises located at Building J-8, Freeport Center, Clearfield, Davis, Utah. Refer note 15 for additional details.

(Expressed in US dollars, unless otherwise stated)

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

As on November 21, 2024, the rent agreement with Tier 1 Solution Inc. has been cancelled and consequently the difference of $54,116 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, 2024, in accordance with the requirements of IFRS-16 – Leases.

The following table presents the contractual undiscounted cash flows for lease obligations as at December 31, 2025 and 2024:

	December 31, 2025 $	December 31, 2024 $
Undiscounted lease obligations		
Less than one year	593,728	573,381
One to two years	554,265	593,728
Two to three years	34,692	554,265
Three to four years	—	34,691
Total undiscounted lease obligations	1,182,685	1,756,065
Impact of discounting	(133,886)	(285,190)
Total lease obligations	1,048,799	1,470,875

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.

The following table presents the changes in the deposits during the years ended December 31, 2025, and 2024:

	December 31, 2025 $	December 31, 2024 $
Balance, beginning of the year	159,999	511,350
Deposits returned	—	(351,351)
Balance, end of the year	159,999	159,999

(Expressed in US dollars, unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES

Payable to Related Party

The balance of $589,981 payable to related party as at December 31, 2025 (December 31, 2024 - $983,302) 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.

	December 31, 2025 $	December 31, 2024 $
Balance, beginning of the year	983,302	1,371,266
Interest	96,364	148,919
Interest paid	(96,364)	(148,919)
Principal repayment	(393,321)	(387,964)
Balance, end of the year	589,981	983,302
Current portion of loan	393,321	393,321
Non-current portion of loan	196,660	589,981
Balance, end of the year	**589,981**	**983,302**

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 year ended December 31, 2025, was $374,432 (December 31, 2024 – $366,249).

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 year ended December 31, 2025, was $Nil (December 31, 2024 - $9,204).

The Company incurred directors' fees during the year ended December 31, 2025, of $69,787 (December 31, 2024 - $55,874).

Included in trade payable and accrued liabilities was $12,980 payable to the directors of the Company for the director fees for the year ended December 31, 2025 (December 31, 2024 - $3,397).

The remuneration of key management personnel paid by ACN on the Company's behalf during the year ended December 31, 2025, was $274,229 (December 31, 2024 – $279,343).

(Expressed in US dollars, unless otherwise stated)

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 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

The Company performed a reassessment of its decommissioning liability during the year ended December 31, 2025. Changes in key assumptions, including inflation and discount rates (revised from 3.41% to 2.96%), were not considered significant and did not materially affect the estimated future cash outflows, which remain at $445,000.

The increase in the decommissioning liability from $377,251 to $422,210 is primarily attributable to the unwinding of the discount, reflecting the passage of time. In prior periods, the impact of the unwinding of the discount was assessed as immaterial and was not recognized in profit or loss. During the current year, the cumulative impact of $44,959 was determined to be material and has been recognized in profit or loss.

No corresponding adjustment has been made to the related right-of-use assets, as there were no significant changes in estimated cash flows or discount rates

	December 31, 2025	**December 31, 2024**
	$	**$**
Balance, beginning of the year	377,251	377,251
Addition	44,959	—
Balance, end of the year	422,210	377,251
Short-term	—	—
Long-term	422,210	377,251
Total decommission cost	422,210	377,251

For the years ended December 31, 2025, and 2024, the Company has used the following assumptions to calculate and reassess the liability:

	December 31, 2025	**December 31, 2024**
Inflation rate (based on useful life)	1.9% to 2.4%	1.6% to 2.9%
Discount rate	2.61% to 2.96%	2.74% to 3.64%
Useful life	3.75 to 6 years	3.75 to 6 years

As at December 31, 2025, the decommissioning liability reflects a revised present value of $422,210.

14. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued and Outstanding

The Company did not issue common shares during the year ended December 31, 2025.The total outstanding number of shares as at December 31, 2025 was 423,597,369 (December 31, 2024 – 443,909,869).

During March 2024, the Company completed private placements through issuance of 14,460,000 units at CAD 0.05 per unit for gross proceeds of CAD 723,000 ($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 $17,695 and $13,360, 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.

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 year ended December 31, 2025, was $Nil (December 31, 2024 – $Nil).

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 year ended December 31, 2025, was $Nil (December 31, 2024 - $9,204).

(Expressed in US dollars, unless otherwise stated)

14. SHARE CAPITAL (continued)

Stock Option Plan (continued)

On February 21, 2023, the Company granted 1,200,000 stock options under the Company's stock option plan to an officer of the Company. These options have an exercise price of CAD$0.05 per stock option, and an expiry date of February 21, 2033. The options were vested immediately on February 21, 2023. Share based compensation related to these options during the year ended December 31, 2025, was $Nil (December 31, 2024 – $Nil).

The total share-based compensation related to above options during the year ended December 31, 2025 and 2024 are as follows:

Grant Date	Number of Options	For the Year Ended December 31, 2025 $	For the Year Ended December 31, 2024 $
June 17, 2022	5,000,000	—	9,204
	5,000,000	—	9,204

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%

	Number of Options	Exercise Price CAD$	Expiry Date
Balance, December 31, 2023	9,690,000		
Expired on July 14, 2024	(250,000)	0.14	18-Jul-24
Balance, December 31, 2024	9,440,000		
Balance, December 31, 2025	**9,440,000**		

(Expressed in US dollars, unless otherwise stated)

14. SHARE CAPITAL (continued)

Stock Option Plan (continued)

The following table summarizes the stock options exercisable as at December 31, 2025:

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	2.74
0.280	2,000,000	2,000,000	03-May-31	5.34
0.050	2,500,000	1,250,000	17-Jun-32	6.47
0.100	2,500,000	1,250,000	17-Jun-32	6.47
0.050	600,000	600,000	21-Feb-33	7.15
0.050	600,000	600,000	21-Feb-33	7.15
0.171	9,440,000	6,940,000		5.82

* The total exercise price and remaining contractual life disclosed above are weighted averages based on the number of options outstanding.

The following table summarizes the stock options exercisable as at December 31, 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	3.74
0.280	2,000,000	2,000,000	03-May-31	6.34
0.050	2,500,000	1,250,000	17-Jun-32	7.47
0.100	2,500,000	1,250,000	17-Jun-32	7.47
0.050	600,000	600,000	21-Feb-33	8.15
0.050	600,000	600,000	21-Feb-33	8.15
0.171	9,440,000	6,940,000		6.82

* The total exercise price and remaining contractual life disclosed above are weighted averages based on the number of options outstanding.

Warrants

During the year ended December 31, 2025, the Company did not issue any warrants.

During the year ended December 31, 2024, the Company issued a total of 14,460,000 warrants and 433,800 finder's warrants in connection with a private placement.

During the year ended December 31, 2025, and 2024, no warrants were exercised

(Expressed in US dollars, unless otherwise stated)

14. SHARE CAPITAL (continued)

Warrants (continued)

The following table summarizes the warrants issued and outstanding as at December 31, 2025 and 2024:

Warrants - Issued and Outstanding	Number
Balance, December 31, 2023	89,166,667
Addition	14,893,800
Expired	(89,166,667)
Balance, December 31, 2024	14,893,800
Balance, December 31, 2025	**14,893,800**

The following table summarizes the warrants exercisable as at December 31, 2025:

Exercise price CAD$ *	Number of Outstanding and Exercisable Warrants	Expiry Date	Remaining Contractual Life (Years) *
0.070	14,842,300	08-Mar-27	1.18
0.070	51,500	27-Mar-27	1.24
0.070	14,893,800		1.18

* The total exercise price and remaining contractual life disclosed above are weighted averages based on the number of optiond outstanding

The following table summarizes the warrants exercisable as at December 31, 2024:

Exercise price CAD$ *	Number of Outstanding and Exercisable Warrants	Expiry Date	Remaining Contractual Life (Years) *
0.070	14,842,300	08-Mar-27	2.18
0.070	51,500	27-Mar-27	2.24
0.070	14,893,800		2.18

* The total exercise price and remaining contractual life disclosed above are weighted averages based on the number of warrants outstanding.

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:

Warrant grant date	March 8, 2024	March 27, 2024
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%

(Expressed in US dollars, unless otherwise stated)

14. SHARE CAPITAL (continued)

Shareholder contribution

On December 16, 2019 A.C.N. transferred 20,312,500 CryptoStar common shares to Tier 1 on behalf of the Company, to be released in four equal tranches over a period of 12 months. The fair value of the shares amounting to $1,004,651 was recorded in the consolidated financial statements as an intangible asset with a corresponding impact to shareholder contribution recorded in equity.

Following the termination of the agreement with Tier 1, the related shares were returned and subsequently cancelled during the year ended December 31, 2025. This resulted in a reduction in the number of outstanding shares and a corresponding decrease in shareholder contribution amounting to $1,004,651, with an offsetting adjustment to the deficit reflecting amortization and impairment of the related intangible asset recorded in prior years. The balance as at December 31, 2025 amounts to $2,288,074 (December 31, 2024: $3,292,725).

15. OTHER (EXPENSE) INCOME

During the year ended December 31, 2025 and 2024, the component of other income recognized in the Consolidated Statements of Loss and Comprehensive loss are as follows:

	For the Years Ended December 31,	
	2025	**2024**
	$	**$**
Sub lease income	283,519	166,396
GST settlement	295,042	—
Settlement of Tier 1 Solution Inc.	—	251,415
Others	26,922	—
Total	605,483	417,811

As on May 1, 2024. the Company entered into a sub lease agreement with Northorp Grumman Systems Corporation ("Sub Lessee") for the premises located at Building J-8, Freeport Center, Clearfield, Davis, Utah. As the sub lease has been classified as an operating lease, hence the rental income including additional rent; pro rata share of property taxes and insurance premium earned during the year ended December 31, 2025 amounting to $283,519 was recognized as other income in the Consolidated Statements of Loss and Comprehensive loss for the year ended December 31, 2025 (December 31, 2024: $166,396).

Other income for the year includes $295,042 recognized in respect of GST settlements. This amount reflects the reconciliation of GST balances with filed returns and the resolution of positions with the relevant tax authorities, based on management's review.

Other expenses for the year totaled $192,119 and primarily comprise $115,582 incurred in connection with the settlement of matters relating to Hydra Fabricators Limited, $44,959 relating to decommissioning costs, and $21,210 for the write-off of a security deposit. The remaining $10,368 pertains to management expenditures incurred in connection with potential investor and financing activities.

(Expressed in US dollars, unless otherwise stated)

16. INCOME TAXES

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

	December 31, 2025 $	**December 31, 2024 $**
Net loss before recovery of income taxes	(2,119,977)	(4,527,991)
Statutory tax rate	25.55%	25.87%
Expected income tax recovery	(541,691)	(1,171,390)
Tax rate changes and other adjustments	—	—
Temporary differences	834,023	877,302
Non-deductible expenses and other permanent differences	(56,121)	418,572
Changes in deferresd taxes not recognized	(236,211)	(64,357)
Income tax expense	—	60,127

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

	December 31, 2025 $	**December 31, 2024 $**
Current income tax expense	—	60,127
Deferred income tax expense	—	—
Income tax expense	—	60,127

The following table summarizes the components of deferred tax:

	December 31, 2025 $	**December 31, 2024 $**
Property and equipment	2,313,972	45,800
Non-capital losses carried forward - Canada & USA	5,970,270	6,114,338
Digital assets	(37,181)	(89,218)
ROU assets and Lease liabilities	81,275	83,771
Deferred tax assets not recognized	(8,328,336)	(6,154,691)
Net deferred tax assets (liabilities)	—	—

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in US dollars, unless otherwise stated)

16. INCOME TAXES (continued)

Operating losses from operations in Canada of $6,826,696 (2024: $7,096,195) may be carried forward to offset future taxable income in Canada and expire as follows:

	December 31, 2025 $	December 31, 2024 $
2037	60,195	57,338
2038	95,035	757,042
2039	106,180	363,660
2040	728,067	714,198
2041	1,225,131	1,166,978
2042	60,360	57,495
2043	2,043,790	1,946,778
2044	1,002,349	2,032,706
2045	1,505,588	—

Operating losses from operations in the United States of $16,538,700 (2024: $16,538,700) may be carried forward to offset future taxable income in the United States. Of these losses, $2,153,064 (2024: $2,153,064) will expire in 2037, with the balance of $14,385,636 (2024: $14,385,636) available to be carried forward indefinitely.

17. 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 counterparties 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 $194,067 as at December 31, 2025 (December 31, 2024 – $21,113).

As at December 31, 2025, 68% of the Company's accounts receivable and others balance was due from a customer, (December 31, 2024 – 52% of the Company's accounts receivable and others balance was due from a customer).

As at December 31, 2025, the accounts receivable and others were as follows:

	0-30 days	31-90 days	91+ days	Total
Accounts receivable and others	176,490	—	17,577	194,067

(Expressed in US dollars, unless otherwise stated)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk and Concentration of Credit Risk (continued)

As at December 31, 2024, the accounts receivable and others were as follows:

	0-30 days	31-90 days	91+ days	Total
Accounts receivable and others	6,734	—	14,379	21,113

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 December 31, 2025, the Company uses simplified provision matrix to determine expected credit losses amounting to $Nil (December 31, 2024 – $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

The contractual cash flows disclosed below represent the undiscounted future cash outflows of the Company's financial liabilities. As such, amounts may differ from the carrying amounts, which are measured in accordance with applicable accounting standards and may reflect discounted values.

As at December 31, 2025, 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	411,425	411,425	411,425	—	—	—	—
Lease obligations	1,048,799	1,182,685	593,728	554,265	34,692	—	—
Payable to related party	589,981	646,029	442,486	203,543	—	—	—
Decommission cost	422,210	445,000	—	350,000	95,000	—	—
Total	2,472,415	2,685,139	1,447,639	1,107,808	129,692	—	—

As at December 31, 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	878,171	878,171	878,171	—	—	—	—
Lease obligations	1,470,875	1,756,065	573,381	593,728	554,265	34,691	—
Payable to related party	983,302	1,135,713	489,684	442,486	203,543	—	—
Decommission cost	377,251	445,000	—	—	445,000	—	—
Total	3,709,599	4,214,949	1,941,236	1,036,214	1,202,808	34,691	—

17. 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 December 31, 2025, and 2024:

	December 31, 2025 $	December 31, 2024 $
Cash	1,168,338	1,713,024
Accounts receivable and others	125,138	3,536
Trade payable and accrued liabilities	(65,953)	(388,708)
	1,227,523	1,327,852

The overall effect on earnings before tax of a 10% strengthening or weakening of the Canadian dollar against the US dollar as at December 31, 2025 on the above net assets, with all other variables held constant, is $171,583 (December 31, 2024 – $181,889).

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 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 year ended December 31, 2025, no assets were transferred between levels (December 31, 2024 – no transfers).

18. 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.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 December 31, 2025, would be $36,769 (December 31, 2024 – $86,205).

19. 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, 2024.

(Expressed in US dollars, unless otherwise stated)

20. 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 years ended December 31, 2025 and 2024 are listed below.

	For the Year Ended December 31, 2025						
	Canada		USA			Head	
	Mining	Hosting	Mining	Hosting	Miner Sales	Office	Total
	$	$	$	$	$	$	$
Income from mining of digital currency							
Digital assets mined	540	—	290,961	—	—	—	291,501
Site operating costs	—	—	(428,245)	—	—	—	(428,245)
Depreciation of right-of-use assets	—	—	(416,340)	—	—	—	(416,340)
Depreciation of property and equipment	(16,872)	(35,874)	(481,621)	—	—	—	(534,367)
Realized gain on digital currencies	141	—	75,875	—	—	—	76,016
Net loss before operating expenses	(16,191)	(35,874)	(959,370)	—	—	—	(1,011,435)
Operating and other expenses (income)							
Interest and bank charges	—	—	293	—	—	4,620	4,913
Interest on related party loan	26,982	—	26,982	42,400	—	—	96,364
Interest expense on lease obligations	—	—	151,305	—	—	—	151,305
Management fees, salaries and wages	486,645	—	114,913	—	—	—	601,558
Office and administration	15,014	—	53,491	—	—	83,812	152,317
Professional fees	—	—	45,589	—	—	280,947	326,536
Revaluation loss on digital currencies	229	—	123,298	—	—	—	123,527
Loss (gain) on disposal of property and equipment	230,830	—	(48,964)	—	—	(1)	181,865
Other income	(62,062)	(175,698)	(283,519)	—	—	(84,204)	(605,483)
Other expense	—	—	—	—	—	192,119	192,119
Foreign exchange gain	—	—	—	—	—	(189,402)	(189,402)
Total operating and other expenses (income)	709,792	(114,929)	183,388	42,400	—	287,891	1,108,542
Net (loss) income before tax	(725,983)	79,055	(1,142,758)	(42,400)	—	(287,891)	(2,119,977)
Income tax expense	—	—	—	—	—	—	—
Net (loss) income	(725,983)	79,055	(1,142,758)	(42,400)	—	(287,891)	(2,119,977)
Revaluation gain (loss) on digital currencies	—	—	—	—	—	—	—
Currency translation loss	—	—	—	—	—	(169,569)	(169,569)
Net comprehensive (loss) income	(725,983)	79,055	(1,142,758)	(42,400)	—	(457,460)	(2,289,546)

(Expressed in US dollars, unless otherwise stated)

20. SEGMENTED INFORMATION (continued)

	For the Year Ended December 31, 2024						
	Canada		USA			Head	
	Mining	Hosting	Mining	Hosting	Miner Sales	Office	Total
	$	$	$	$	$	$	$
Income from mining of digital currency							
Digital assets mined	699,134	—	506,642	—	—	—	1,205,776
Hosting income	—	2,129	—	874,219	—	—	876,348
Site operating costs	(738,536)	—	(495,814)	—	—	—	(1,234,350)
Depreciation of right-of-use assets	(24,223)	—	(330,388)	—	—	—	(354,611)
Depreciation of property and equipment	(749,048)	—	(143,831)	—	—	—	(892,879)
Realized gain on digital currencies	209,505	—	—	—	—	—	209,505
Net (loss) income before operating expenses	(603,168)	2,129	(463,391)	874,219	—	—	(190,211)
Operating and other expenses (income)							
Interest and bank charges	1,889	—	6,203	—	—	9,575	17,667
Interest on related party loan	42,269	—	41,122	65,528	—	—	148,919
Interest expense on lease obligations	7,712	—	209,981	—	—	—	217,693
Management fees, salaries and wages	127,421	—	119,891	—	—	431,320	678,632
Office and administration	120,988	—	290,342	—	—	143,556	554,886
Professional fees	7,600	—	78,973	—	—	289,052	375,625
Share based compensation	—	—	—	—	—	9,204	9,204
Write down of inventory	—	—	—	—	209,875	—	209,875
Impairment of goodwill	42,879	171,510	—	—	—	—	214,389
Impairment of property and equipment	259,273	1,037,060	—	—	—	—	1,296,333
Impairment of intangible assets	—	19,754	—	—	—	—	19,754
Loss on disposal of property and equipment	380,029	—	—	—	—	—	380,029
Gain on cancellation of lease	(10,821)	(43,295)	—	—	—	—	(54,116)
Other income	—	—	—	—	—	(417,811)	(417,811)
Foreign exchange loss	89,525	79,581	211,960	22,868	—	282,767	686,701
Total operating and other expenses	1,068,764	1,264,610	958,472	88,396	209,875	747,663	4,337,780
Net (loss) income before tax	(1,671,932)	(1,262,481)	(1,421,863)	785,823	(209,875)	(747,663)	(4,527,991)
Income tax expense	—	—	—	—	—	60,127	60,127
Net (loss) income	(1,671,932)	(1,262,481)	(1,421,863)	785,823	(209,875)	(807,790)	(4,588,118)
Revaluation gain on digital currencies	—	—	75,486	—	—	—	75,486
Currency translation gain	—	—	—	—	—	193,810	193,810
Net comprehensive (loss) income	(1,671,932)	(1,262,481)	(1,346,377)	785,823	(209,875)	(613,980)	(4,318,822)

The disclosures with regards to the Company's aforementioned segments as at December 31, 2025 and December 31, 2024 are listed below:

	Canada		USA		Head	
	Mining	Hosting	Mining	Hosting	Office	Total
	$	$	$	$	$	$
Total assets	112,724	351,659	1,131,232	1,107,933	1,317,746	4,021,294
Total non-current assets	89,204	249,323	1,084,967	1,061,668	—	2,485,162
Total liabilities	10,909	54,807	908,358	1,068,359	589,981	2,632,414
As at December 31, 2024						
Total assets	386,675	1,707,323	1,619,752	1,589,281	2,244,993	7,548,024
Total non-current assets	341,465	1,707,323	1,594,924	1,564,453	—	5,208,165
Total liabilities	160,685	232,503	1,166,555	1,326,554	983,301	3,869,598

21. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business.

On January 23, 2025, the Company received a copy of a Statement of Claim filed digitally in the Court of King's Bench of Alberta in connection with a contractual dispute by Hydra Fabricators Ltd. ("Hydra"), naming the Company as the defendant. In the Statement of Claim, Hydra is seeking judgment against the defendant in the amount of $443,096 plus interest thereon in the amount of 8% per month or in the alternative in accordance with the Judgment Interest Act, R.S.A. 2000, Chapter J-1 and amendments thereto, plus storage costs in the amount of $800 per unit per month, such further and other relief as the Court determines and costs of the action as ordered by the Court. The outcome of the proceeding is not determinable at this time.

On December 12, 2025, the matter was fully and finally settled. As part of the settlement, all claims between the parties were resolved, the action was withdrawn on a without-costs basis, and no further obligations remain outstanding.

As of December 31, 2025, there are no other proceedings in which any of the Group's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

22. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to April 29, 2026, the date the consolidated financial statements were issued and determined the following significant events to report:

- On February 13, 2026, the Company announced that it has closed its previously announced non-brokered private placement offering (the "Offering"). Pursuant to the Offering, the Company issued 42,300,000 common shares in the capital of the Company at a price of $0.015 per Share for gross proceeds of $634,500. No finder's fees or commissions were paid in connection with the Offering.

  CryptoStar intends to use the net proceeds from the Offering for business operations, expansion of its digital infrastructure, and general working capital purposes, including evaluating emerging opportunities in the high-performance computing ("HPC") and artificial intelligence ("AI") data center sectors. The Company continues to explore strategic initiatives aligned with the growing convergence of blockchain technology, HPC, and AI-driven compute infrastructure, consistent with its long-term vision of sustainable growth and innovation. The strengthened balance sheet will also provide CryptoStar with greater flexibility to enhance its management and operational capabilities as it pursues future growth opportunities.

  A.C.N. 117 402 838 PTY LTD, a proprietary company under the Corporations Act 2001 (Cth) (Australia) in which David Jellins (President and Chief Executive Officer and a director of the Company) and Amelia Jones (Chief Commercial Officer and a director of the Company) each hold a 50% interest, subscribed for up to 42,300,000 Shares under the Offering. As such, the Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 Protection of Minority Securityholders ("MI 61-101"). Such participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Shares subscribed for by insiders, nor the consideration for the Shares paid by such insiders would exceed 25% of the Company's market capitalization.

  Immediately prior to the Offering, A.C.N. had ownership of, or exercised control or direction over, 60,324,235 Common Shares (representing 9.08% of the issued and outstanding Common Shares on a non-diluted basis). Immediately after the Offering, A.C.N. has ownership of, or exercises control or direction over, 102,624,235 Common Shares (representing 22.03% of the issued and outstanding Common Shares on a non-diluted basis).

22. SUBSEQUENT EVENTS (continued)

A.C.N. acquired the Shares in connection with A.C.N.'s previously announced intention to sell up to 102,624,235 Common Shares in the Company and to use the net proceeds of the sales to subscribe for up to 102,624,235 Common Shares under the Offering.

The early warning report will be filed by A.C.N. in accordance with applicable securities laws. To obtain a copy of the Early Warning Report, please contact David Jellins c/o CryptoStar Corp., 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3, Email: david.jellins@cryptostar.com.

The securities issued in connection with the Offering are subject to a four-month hold period, in accordance with applicable securities laws and TSXV policies.

- The United States and Canadian governments levied new tariffs on imported goods. This has resulted in considerable economic uncertainty and market volatility. The company continues to monitor ongoing trade negotiations and assess the direct and indirect impacts on the Company's future financial results, if any, which are currently uncertain. The company is also assessing additional cost-saving measures to offset potential tariff-related expenses.

- Ongoing geopolitical tensions and conflicts in the Middle East have increased global economic uncertainty and market volatility. While the Company does not have direct operations in the affected regions, management has considered the potential indirect impacts on its business, including fluctuations in energy prices, supply chain disruptions, and changes in cryptocurrency market conditions. As of the date of these financial statements, no material financial impact has been identified; however, management continues to monitor the situation closely and will assess any future implications on the Company's operations and financial position as more information becomes available.