This management discussion and analysis ("MD&A") of the results of the operations and financial position of CryptoStar Corp. and its subsidiaries (the "Company" or "CryptoStar") is dated as of April 26, 2024 and should be read in conjunction with the Company's consolidated financial statements and the related notes for the year ended December 31, 2023. All amounts are expressed in United States dollars ($) unless otherwise stated.

## Management's Responsibility

The Company's management is responsible for the preparation and presentation of the consolidated financial statements and the MD&A. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. Information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## Non-IFRS Measures

This MD&A presents certain non-IFRS ("IFRS" refers to International Financial Reporting Standards) financial measures to assist readers in understanding the Company's performance. These non-IFRS measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under IFRS:

- "Net gain from operations" represents gross profit or loss excluding depreciation and amortization.
- "EBITDA" represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.
- "Adjusted EBITDA" represents EBITDA adjusted to exclude non-cash share-based compensation, fair value loss or gain on remeasurement of foreign currency and digital assets, and costs associated with one-time or non-recurring transactions.

The Company uses these non-IFRS measures to supplement the analysis and evaluation of operating performance as it provides an indication of the operational results generated by its business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and it excludes items that could affect the comparability of our operational results and could potentially alter the trends analysis in business performance. Excluding these items does not necessarily imply they are non-recurring, infrequent or unusual. Net gain from operations, EBITDA and Adjusted EBITDA are also used by some investors and analysts for the purpose of valuing a company. Investors are cautioned that Net gain from operations, EBITDA and Adjusted EBITDA should not be construed as an alternative to operating earnings or net earnings determined in accordance with IFRS as an indicator of the Company's financial performance or as a measure of the Company's liquidity and cash flows. Net gain from operations, EBITDA and Adjusted EBITDA do not take into account the impact of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the condensed interim consolidated statements of cash flows.

### Non-IFRS Measures (continued)

See “Reconciliation of Non-IFRS Measures” section of this MD&A for reconciliations of non-IFRS measures to IFRS measures.

### Description of Business

CryptoStar operates in the distributed ledger technology space, utilizing specialized equipment (“miners”) to perform computationally intensive cryptographic operations to validate transactions on the Blockchain (a process known as “mining”), receiving digital currencies (primarily Bitcoin). CryptoStar has cryptocurrency mining operations with data centres located in Canada and the USA and is currently dedicated to becoming one of the lowest cost cryptocurrency producers in North America. The Company also provides equipment hosting services to customers worldwide, for which services the Company receives hosting fees, as well as sells miners to customers.

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”.

### 2023 Highlights

Significant events and operating highlights for the fourth quarter and year ended December 31, 2023 include the following:

- On January 3, 2023, the Company announced that it had renewed its line of credit (the "Line of Credit") with ACN 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 a further 54-month term ending in June 2026. The Line of Credit is a revolving credit facility available to fund general corporate purposes with a maximum principal amount of approximately USD$1.77 million. 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 USD$32,776.73. As consideration for renewing the Line of Credit, the Company repaid USD$196,660.37 of the principal amount outstanding of approximately USD$1.97 million under the previous Line of Credit on January 3, 2023.

  The Line of Credit with ACN constitutes a "related party transaction" of CryptoStar, within the meaning of Multilateral Instrument 61-101 – Protections of Minority Security Holders in Special Transactions ("MI 61-101"). The Company determined that the renewal of its Line of Credit is exempt from the formal valuation and minority approval requirements of MI 61-101 in reliance of the exemptions set forth in sections 5.5(b) and 5.7(f). The Company did not file a material change report 21 days prior to renewal of the Line of Credit as the terms and conditions of the Line of Credit were not agreed upon until shortly prior to the renewal.

- On February 21, 2023, the Company announced the appointment of Messrs. Aurelio Useche and Christopher Malone to the Company's Board of Directors.

  In connection with the appointments of Messrs. Useche and Malone, the Company also announced the resignation from the Board of Warren Lorenz and Aly Madhavji.

  Concurrent with the appointments of Messrs. Useche and Malone, the Company granted each 600,000 incentive stock options. Each stock option will allow the holder thereof to purchase a common share of CryptoStar at a price of $0.05, with an expiry of ten years.

**2023 Highlights (continued)**

- On February 28, 2023, the Company announced that Mr. Jing Peng had been appointed Chief Financial Officer of the Company, effective immediately. Mr. Peng replaced Mr. Harris as Chief Financial Officer.

**Subsequent Events**

- On January 17, 2024, the Company announced its non-brokered private placement of up to 40,000,000 units of the Company (each, a "Unit") at a price of $0.05 per Unit for aggregate gross proceeds of up to $2,000,000 (the "Offering").

  Each Unit would be comprised of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant would entitle the holder thereof to acquire one Share (a "Warrant Share") at a price of $0.07 per Warrant Share for a period of 36 months from the closing date of the Offering (the "Closing Date").

  The Offering was being completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 Prospectus Exemptions and therefore the securities issued in the Offering would not be subject to a hold period in accordance with applicable Canadian securities laws.

  In connection with the Offering, the Company may pay certain finders (each, a "Finder") a cash commission equal to 7% of the aggregate gross proceeds raised from those purchasers introduced by such Finder and/or issue that number of Shares and/or common share purchase warrants (each, a "Finder Warrant") equal to 3% of the number of Units purchased by those purchasers introduced by such Finder. Each Finder Warrant would entitle the holder thereof to acquire a Share (each, a "Finder's Warrant Share") at an exercise price of $0.07 per Finder's Warrant Share for a period of 36 months from the Closing Date. The Company shall pay EMD Financial Inc. a corporate finance fee of $15,000 upon completion of the Offering.

  The Company intended to use the proceeds raised from the Offering to purchase crypto mining equipment and for general working capital purposes. The Offering may close in tranches, with the first tranche expected to close on or around January 31, 2024. The Offering was subject to certain conditions including, but not limited to, receipt of all necessary approvals including the approval of the TSX Venture Exchange.

- On February 2, 2024, the Company announced that it was amending the terms of its non-brokered private placement of units of the Company (each, a "Unit") as previously announced on January 17, 2024 (the "Amended Offering"). The Amended Offering would be for up to 50,000,000 Units at a price of $0.04 per Unit for aggregate gross proceeds of up to $2,000,000.

  Each Unit would be comprised of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant would entitle the holder thereof to acquire one Share (a "Warrant Share") at a price of $0.07 per Warrant Share for a period of 36 months from the closing date of the Amended Offering (the "Closing Date").

  The Amended Offering was being completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 Prospectus Exemptions and therefore the securities issued in the Amended Offering would not be subject to a hold period in accordance with applicable Canadian securities laws.

**Subsequent Events (continued)**

In connection with the Amended Offering, the Company may pay certain finders (each, a "Finder") a cash commission equal to 7% of the aggregate gross proceeds raised from those purchasers introduced by such Finder and/or issue that number of Shares and/or common share purchase warrants (each, a "Finder Warrant") equal to 3% of the number of Units purchased by those purchasers introduced by such Finder. Each Finder Warrant would entitle the holder thereof to acquire a Share (each, a "Finder's Warrant Share") at an exercise price of $0.07 per Finder's Warrant Share for a period of 36 months from the Closing Date. The Company shall pay EMD Financial Inc. a corporate finance fee of $15,000 upon completion of the Amended Offering.

The Company intended to use the proceeds raised from the Amended Offering to purchase crypto mining equipment and for general working capital purposes. The Amended Offering may close in tranches, with the first tranche expected to close on or around February 16, 2024. The Amended Offering was subject to certain conditions including, but not limited to, receipt of all necessary approvals including the approval of the TSX Venture Exchange.

- On February 15, 2024, the Company announced that it was amending the terms of its previously announced non-brokered private placement (the "Amended Offering") of units of the Company (each, a "Unit"). The Amended Offering would be for up to 40,000,000 Units at a price of $0.05 per Unit for aggregate gross proceeds of up to $2,000,000.

  Each Unit would be comprised of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant would entitle the holder thereof to acquire one Share (a "Warrant Share") at a price of $0.07 per Warrant Share for a period of 36 months from the closing date of the Amended Offering (the "Closing Date").

  The Amended Offering was being completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 Prospectus Exemptions and therefore the securities issued in the Amended Offering would not be subject to a hold period in accordance with applicable Canadian securities laws.

  In connection with the Amended Offering, the Company may pay certain finders (each, a "Finder") a cash commission equal to 7% of the aggregate gross proceeds raised from those purchasers introduced by such Finder and/or issue that number of Shares and/or common share purchase warrants (each, a "Finder Warrant") equal to 3% of the number of Units purchased by those purchasers introduced by such Finder. Each Finder Warrant would entitle the holder thereof to acquire a Share (each, a "Finder's Warrant Share") at an exercise price of $0.07 per Finder's Warrant Share for a period of 36 months from the Closing Date. The Company shall pay EMD Financial Inc. a corporate finance fee of $15,000 upon completion of the Amended Offering.

  The Company intended to use the proceeds raised from the Amended Offering to purchase crypto mining equipment and for general working capital purposes. The Amended Offering may close in tranches, with the first tranche expected to close on or around March 8, 2024. The Amended Offering was subject to certain conditions including, but not limited to, receipt of all necessary approvals including the approval of the TSX Venture Exchange.

**Subsequent Events (continued)**

- On March 8, 2024, the Company announced that it had closed the first tranche of its previously announced non-brokered private placement (the "Offering") of up to 40,000,000 units (the "Units") of the Company at a price of $0.05 per Unit for gross proceeds of up to $2,000,000.

  Each Unit consisted of one common share in the capital of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Share of the Company (a "Warrant Share") for a period of 36 months from the date of the issue of the Warrants at an exercise price of $0.07 per Warrant Share.

  Pursuant to the closing of the first tranche of the Offering, the Company issued 14,410,000 Shares and 14,410,000 Warrants for aggregate gross proceeds of $720,500. The Offering was being completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 - Prospectus Exemptions, accordingly, the securities issued in the Offering were not subject to a hold period in accordance with applicable Canadian securities laws.

  In connection with the Offering, the Company paid eligible arm's length parties (the "Finders") a cash Finder's fee in the aggregate amount of $50,435 and issued an aggregate 432,300 Shares and 432,300 finder's warrants (the "Finder's Warrants") to the Finders. Each Finder Warrant entitles the holders thereof to acquire one Share (a "Finder's Warrant Shares") at an exercise price of $0.07 per Finder's Warrant for a period of 36 months from the date of the issue of the Warrants. The Shares, Finder's Warrants and Finder's Warrant Shares to be issued upon exercise of the Finder's Warrants, if applicable, would be subject to a hold period of four months and one day from the date of closing of the first tranche of Offering in accordance with applicable Canadian securities laws.

  The Company intended to use the proceeds raised from the Offering to purchase crypto mining equipment and for general working capital purposes.

- On March 27, 2024, the Company announced that it had closed the second and final tranche of its previously announced non-brokered private placement (the "Offering") of up to 40,000,000 units (the "Units") of the Company at a price of $0.05 per Unit for gross proceeds of up to $2,000,000.

  Each Unit consisted of one common share in the capital of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Share of the Company (a "Warrant Share") for a period of 36 months from the date of the issue of the Warrants at an exercise price of $0.07 per Warrant Share.

  The Company completed the first tranche of the Offering on March 8, 2024, resulting in the issuance of 14,410,000 Shares and 14,410,000 Warrants for aggregate gross proceeds of $720,500. Pursuant to the closing of the second tranche of the Offering, the Company issued 50,000 Shares and 50,000 Warrants for aggregate gross proceeds of $2,500.

  The Offering was completed pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 - Prospectus Exemptions, accordingly, the securities issued in the Offering were not subject to a hold period in accordance with applicable Canadian securities laws.

**Subsequent Events (continued)**

In addition to finder's fees paid under the first tranche closing of the Offering, the Company paid an eligible arm's length party (the "Finder") a cash Finder's fee in the aggregate amount of $175 and issued an aggregate 1,500 Shares and 1,500 finder's warrants (the "Finder's Warrants") to the Finder upon the closing of the second tranche. Each Finder Warrant entitles the holders thereof to acquire one Share (a "Finder's Warrant Shares") at an exercise price of $0.07 per Finder's Warrant for a period of 36 months from the date of the issue of the Warrants. The Shares, Finder's Warrants and Finder's Warrant Shares to be issued upon exercise of the Finder's Warrants, if applicable, would be subject to a hold period of four months and one day from the date of closing of the second tranche of Offering in accordance with applicable Canadian securities laws. The Company also paid the Finder a $15,000 corporate finance fee (the "Corporate Finder's Fee") in connection with the completion of the Offering.

The Company intended to use the proceeds raised from the Offering to purchase crypto mining equipment and for general working capital purposes.

- During the subsequent period from January 1, 2024, to April 26, 2024, there were no changes to the stock options outstanding.

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

- As at April 26, 2024, the Company has an aggregate self-mining Hashrate of 64.53 PH/s from ASIC miners running at its data centres. The Company's self-mining revenue run rate is USD$112,694/month and its hosting revenue run rate is USD$118,209/month. Further orders for mining hardware may be placed using astute capital management strategies based upon prevailing market conditions. (Source: https://whattomine.com/ Mining metrics are calculated based on a BTC - USD exchange rate of 1 BTC = $64,364 updated at 2024-04-26 02:08:07 UTC).

- As at April 26, 2024, the Company is in a strong financial position, is well capitalized and holds 2.2 BTC and USD$2.5 million (CAD$3.5 million) in cash. Additionally, the Company has made prepayments and deposits for buildings and infrastructure equipment of USD$4.6 million (CAD$6.3 million).

(Expressed in U.S. dollars)

## Overall Operational Performance and Results

| | For the Years Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| **Income from operations** | | |
| Digital assets mined | 2,030,910 | 3,401,128 |
| Hosting income | 1,595,899 | 2,005,390 |
| Sales of miners | — | 14,454 |
| Cost of revenue | (2,137,563) | (2,144,802) |
| **Net gain from operations** | 1,489,246 | 3,276,170 |
| Realized (loss) gain on digital currencies | 1,070 | (1,503,785) |
| Operating expenses | (1,704,155) | (2,241,665) |
| **Net loss before other items** | (213,839) | (469,280) |
| Depreciation of property and equipment | (4,228,293) | (4,909,025) |
| Depreciation of right-of-use assets | (435,281) | (395,097) |
| Foreign exchange gain (loss) | 113,704 | (341,620) |
| Interest expense on lease obligations | (271,080) | (264,589) |
| Share based compensation | (116,633) | (237,566) |
| Write down of inventory | (226,500) | (619,141) |
| Impairment of property and equipment | — | (3,466,852) |
| Impairment of goodwill | (80,043) | — |
| Impairment of intangible assets | (237,936) | (919,036) |
| Revaluation loss on digital currencies | — | (2,551,166) |
| Loss on disposal of property and equipment | (163) | (8,839) |
| Gain on cancellation of lease | 12,320 | — |
| Other income | — | 48,969 |
| Other expense | (8,777) | (2,486,699) |
| Interest expense, net | — | (48,155) |
| **Net loss before tax** | (5,692,521) | (16,668,096) |
| Income tax expense reversal | 79,521 | — |
| **Net loss** | (5,613,000) | (16,668,096) |
| Revaluation gain (loss) on digital currencies | 25,303 | (176,301) |
| Currency translation loss | (94,909) | (2,484) |
| **Net comprehensive loss** | (5,682,606) | (16,846,881) |
| | | |
| **Adjusted EBITDA** | (214,909) | 1,034,505 |
| | | |
| Loss per share, basic and diluted | (0.013) | (0.039) |
| Weighted average shares, basic and diluted | 429,016,069 | 427,977,406 |
| Bitcoin mined | 71.61 | 99.61 |
| Ethereum mined | — | 390.21 |
| Average Bitcoin price when mined during the period | 28,361 | 25,268 |
| Average Ethereum price when mined during the period | — | 2,266 |

## Financial and Operational Results

The Company recorded a net loss of $5,613,000 in the year ended December 31, 2023 (December 31, 2022 – $16,668,096).

The Company's revenue from operations was $3,626,809 in the year ended December 31, 2023 (December 31, 2022 – $5,420,972).

(Expressed in U.S. dollars)

## Financial and Operational Results (continued)

The Company's direct cost of revenue was $2,137,563 in the year ended December 31, 2023 (December 31, 2022 – $2,144,802). Direct cost of revenue consisted of site operating costs and cost of miners sold.

The Company incurred non-cash expenses consisting of depreciation and amortization of $4,663,574 and share based compensation of $116,633 in the year ended December 31, 2023 (December 31, 2022 – $5,304,122 and $237,566, respectively).

The Company's operating expenses, including non-cash share-based compensation, in the year ended December 31, 2023, totaled $1,820,788 (December 31, 2022 – $2,479,231) and were comprised of:

| | For the Years Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Interest and bank charges | 9,146 | 8,238 |
| Interest on related party loan | 190,761 | — |
| Management fees, salaries and wages | 683,643 | 812,570 |
| Share based compensation | 116,633 | 237,566 |
| Office and administration | 528,424 | 772,247 |
| Professional fees | 292,181 | 648,610 |
| **Total operating expenses** | 1,820,788 | 2,479,231 |

The Company's revenue from mining digital currencies is highly dependent upon the market price of digital currencies and the Company's ability to transact with and convert digital currencies. Management monitors the legal and regulatory environment surrounding digital currencies on an ongoing basis.

## Summary of Financial Results for the Trailing Eight Quarters

| | **March 31, 2023** | **June 30, 2023** | **September 30, 2023** | **December 31, 2023** |
|---|---|---|---|---|
| Revenue | 874,092 | 931,541 | 893,852 | 927,324 |
| Net loss for the period | (1,564,161) | (1,591,468) | (1,339,907) | (1,117,464) |
| Loss per share for the period, basic and diluted | (0.004) | (0.004) | (0.003) | (0.003) |

| | **March 31, 2022** | **June 30, 2022** | **September 30, 2022** | **December 31, 2022** |
|---|---|---|---|---|
| Revenue | 1,205,241 | 1,764,305 | 1,420,646 | 1,030,780 |
| Net loss for the period | (1,224,475) | (4,776,280) | (1,396,161) | (9,271,180) |
| Loss per share for the period, basic and diluted | (0.003) | (0.011) | (0.003) | (0.022) |

The net loss for the three months ended December 31, 2023, amounted to $1,117,464. Whilst the price of Bitcoin increased by 51% over the three months ended December 31, 2023, the Bitcoin difficulty also increased by 26%.

(Expressed in U.S. dollars)

**Reconciliation of Non-IFRS Measures**

This MD&A presents certain non-IFRS ("IFRS" refers to International Financial Reporting Standards) financial measures to assist readers in understanding the Company's performance. These non-IFRS measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.
The Company uses these non-IFRS measures including "Net gain from operations" and "Adjusted EBITDA" to supplement the analysis and evaluation of operating performance and should not be viewed as alternatives to, or replacements of, measures of operating results and liquidity presented in accordance with IFRS.

The following tables and definitions reconcile non-IFRS measures used by the Company to analyze the operational performance of the Company to their nearest IFRS measure and should be read in conjunction with the consolidated financial statements for the years ended December 31, 2023, and 2022.

*Net Gain from Operations*

"Net gain from operations" represents gross profit or loss excluding depreciation and amortization. Net gain from operations shows the profitability of the Company's operations without the impact of non-cash depreciation and amortization expense. Net gain from operations provides the investors the ability to assess the profitability of the Company's operations exclusive of operating expenses.

The following table reconciles gross loss to the non-IFRS measure, net gain from operations:

| | **For the Years Ended December 31,** | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Gross loss | (3,174,328) | (2,027,952) |
| Add: | | |
| Depreciation of right-of-use assets | 435,281 | 395,097 |
| Depreciation of property and equipment | 4,228,293 | 4,909,025 |
| **Net gain from operations** | 1,489,246 | 3,276,170 |

*Adjusted EBITDA*

"Adjusted EBITDA" represents EBITDA (net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization) adjusted to exclude non-cash share-based compensation, fair value loss or gain on remeasurement of foreign currency and digital assets, and costs associated with one-time or non-recurring transactions. Adjusted EBITDA is used to assess the profitability without the impact of non-cash accounting policies, capital structure and one-time or non-recurring transactions.

(Expressed in U.S. dollars)

## Reconciliation of Non-IFRS Measures (continued)

*Adjusted EBITDA (continued)*

The following table reconciles net loss before taxes to the non-IFRS measure, adjusted EBITDA:

| | For the Years Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Net loss before tax | (5,692,521) | (16,668,096) |
| Add (deduct): | | |
| Interest expense on lease obligations | 271,080 | 264,589 |
| Interest expense, net | — | 48,155 |
| Depreciation of right-of-use assets | 435,281 | 395,097 |
| Depreciation of property and equipment | 4,228,293 | 4,909,025 |
| **EBITDA** | (757,867) | (11,051,230) |
| Add (deduct): | | |
| Realized loss (gain) on digital currencies | (1,070) | 1,503,785 |
| Foreign exchange loss (gain) | (113,704) | 341,620 |
| Share based compensation | 116,633 | 237,566 |
| Write down of inventory | 226,500 | 619,141 |
| Impairment of property and equipment | — | 3,466,852 |
| Impairment of goodwill | 80,043 | — |
| Impairment of intangible assets | 237,936 | 919,036 |
| Revaluation loss on digital currencies | — | 2,551,166 |
| Loss on disposal of property and equipment | 163 | 8,839 |
| Gain on cancellation of lease | (12,320) | — |
| Other income | — | (48,969) |
| Other expense | 8,777 | 2,486,699 |
| **Adjusted EBITDA** | (214,909) | 1,034,505 |

## Outstanding Share Data

As of the date of this MD&A, the Company has the following securities issued and outstanding:

1. 443,909,869 common shares;
2. 104,060,467 common share purchase warrants; and
3. 9,690,000 options to purchase common shares.

(Expressed in U.S. dollars)

## 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, 2023, and 2022 are listed below.

| | For The Year Ended December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Canada | | USA | | | Head | |
| | Mining | Hosting | Mining | Hosting | Miner Sales | Office | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **Income from mining of digital currency** | | | | | | | |
| Digital assets mined | 1,177,563 | — | 853,347 | — | — | — | 2,030,910 |
| Hosting income | — | 3,877 | — | 1,592,022 | — | — | 1,595,899 |
| Site operating costs | (1,278,946) | — | (858,617) | — | — | — | (2,137,563) |
| Depreciation of right-of-use assets | (29,733) | — | (405,548) | — | — | — | (435,281) |
| Depreciation of property and equipment | (3,547,172) | — | (681,121) | — | — | — | (4,228,293) |
| Realized gain on digital currencies | 1,070 | — | — | — | — | — | 1,070 |
| **Net (loss) income before operating expenses** | (3,677,218) | 3,877 | (1,091,939) | 1,592,022 | — | — | (3,173,258) |
| **Operating and other expenses (income)** | | | | | | | |
| Interest and bank charges | 978 | — | 3,211 | — | — | 4,957 | 9,146 |
| Interest on related party loan | 54,145 | — | 52,676 | 83,940 | — | — | 190,761 |
| Interest expense on lease obligations | 9,603 | — | 261,477 | — | — | — | 271,080 |
| Management fees, salaries and wages | 128,362 | — | 120,776 | — | — | 434,505 | 683,643 |
| Office and administration | 115,218 | — | 276,496 | — | — | 136,710 | 528,424 |
| Professional fees | 5,912 | — | 61,429 | — | — | 224,840 | 292,181 |
| Share based compensation | — | — | — | — | — | 116,633 | 116,633 |
| Write down of inventory | — | — | — | — | — | 226,500 | 226,500 |
| Impairment of goodwill | 16,009 | 64,034 | — | — | — | — | 80,043 |
| Impairment of intangible assets | — | 237,936 | — | — | — | — | 237,936 |
| Loss on disposal of property and equipment | 163 | — | — | — | — | — | 163 |
| Gain on cancellation of lease | (2,464) | (9,856) | — | — | — | — | (12,320) |
| Other expense | — | — | — | — | — | 8,777 | 8,777 |
| Foreign exchange loss | — | — | — | — | — | (113,704) | (113,704) |
| Total operating and other expenses | 327,926 | 292,114 | 776,065 | 83,940 | — | 1,039,218 | 2,519,263 |
| **Net (loss) income before tax** | (4,005,144) | (288,237) | (1,868,004) | 1,508,082 | — | (1,039,218) | (5,692,521) |
| Income tax recovery | — | — | — | — | — | (79,521) | (79,521) |
| **Net (loss) income** | (4,005,144) | (288,237) | (1,868,004) | 1,508,082 | — | (959,697) | (5,613,000) |
| Revaluation gain on digital currencies | — | — | 25,303 | — | — | — | 25,303 |
| Currency translation loss | — | — | — | — | — | (94,909) | (94,909) |
| **Net comprehensive (loss) income** | (4,005,144) | (288,237) | (1,842,701) | 1,508,082 | — | (1,054,606) | (5,682,606) |

(Expressed in U.S. dollars)

## Segmented Information (continued)

| | For The Year Ended December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Canada | | USA | | | Head | |
| | Mining | Hosting | Mining | Hosting | Miner Sales | Office | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **Income from mining of digital currency** | | | | | | | |
| Digital assets mined | 2,156,776 | — | 1,244,352 | — | — | — | 3,401,128 |
| Hosting income | — | — | — | 2,005,390 | — | — | 2,005,390 |
| Sales of miners | — | — | — | — | 14,454 | — | 14,454 |
| Cost of miners sold | — | — | — | — | (8,543) | — | (8,543) |
| Site operating costs | (1,304,528) | — | (779,503) | (52,228) | — | — | (2,136,259) |
| Depreciation of right-of-use assets | (36,920) | — | (49,404) | (308,773) | — | — | (395,097) |
| Depreciation of property and equipment | (4,355,819) | — | (76,304) | (476,902) | — | — | (4,909,025) |
| Amortization of intangible assets | — | — | — | — | — | — | — |
| Realized loss on digital currencies | (1,503,785) | — | — | — | — | — | (1,503,785) |
| **Net (loss) income before operating expenses** | (5,044,276) | — | 339,141 | 1,167,487 | 5,911 | — | (3,531,737) |
| **Operating and other expenses (income)** | | | | | | | |
| Interest and bank charges | 1,740 | — | 360 | 581 | — | 5,557 | 8,238 |
| Interest expense on lease obligations | 27,906 | — | 32,646 | 204,037 | — | — | 264,589 |
| Management fees, salaries and wages | 188,045 | — | 64,926 | 104,634 | — | 454,965 | 812,570 |
| Office and administration | 178,521 | — | 106,555 | 171,723 | — | 315,448 | 772,247 |
| Professional fees | 43,899 | — | 4,533 | — | — | 600,178 | 648,610 |
| Revaluation loss on digital currencies | 2,551,166 | — | — | — | — | — | 2,551,166 |
| Share based compensation | — | — | — | — | — | 237,566 | 237,566 |
| Interest expense | — | — | — | — | — | 48,155 | 48,155 |
| Foreign exchange loss | — | — | — | — | — | 341,620 | 341,620 |
| Loss on disposal of property and equipment | — | — | — | — | — | 8,839 | 8,839 |
| Other income | — | — | — | — | — | (48,969) | (48,969) |
| Other expenses | 788,788 | 1,697,911 | — | — | — | — | 2,486,699 |
| Write down of inventory | — | — | — | — | 619,141 | — | 619,141 |
| Impairment of property and equipment | 3,466,852 | — | — | — | — | — | 3,466,852 |
| Impairment of intangible assets | 424,107 | 494,929 | — | — | — | — | 919,036 |
| Total operating and other expenses | 7,671,024 | 2,192,840 | 209,020 | 480,975 | 619,141 | 1,963,359 | 13,136,359 |
| **Net (loss) income before tax** | (12,715,300) | (2,192,840) | 130,121 | 686,512 | (613,230) | (1,963,359) | (16,668,096) |
| Income tax expense | — | — | — | — | — | — | — |
| **Net (loss) income** | (12,715,300) | (2,192,840) | 130,121 | 686,512 | (613,230) | (1,963,359) | (16,668,096) |
| Revaluation loss on digital currencies | — | — | — | — | — | (176,301) | (176,301) |
| Currency translation loss | — | — | — | — | — | (2,484) | (2,484) |
| **Net comprehensive (loss) income** | (12,715,300) | (2,192,840) | 130,121 | 686,512 | (613,230) | (2,142,144) | (16,846,881) |

The disclosures with regards to the Company's aforementioned segments as at December 31, 2023 and December 31, 2022 are listed below.

| | Canada | | USA | | | Head | |
|---|---|---|---|---|---|---|---|
| | Mining | Hosting | Mining | Hosting | Miner Sales | Office | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **As at December 31, 2023** | | | | | | | |
| Total assets | 5,847,127 | 420,723 | 2,519,624 | 2,201,279 | 209,875 | 1,515,022 | 12,713,650 |
| Total non-current assets | 4,578,612 | 329,449 | 2,137,343 | 1,723,719 | — | 1,186,343 | 9,955,466 |
| Total liabilities | 2,387,286 | 171,775 | 1,114,410 | 898,747 | — | 618,559 | 5,190,777 |
| **As at December 31, 2022** | | | | | | | |
| Total assets | 2,781,536 | 5,258,982 | 2,846,810 | 4,507,149 | 436,375 | 4,065,461 | 19,896,313 |
| Total non-current assets | 2,665,518 | 5,257,872 | 2,846,810 | 4,363,162 | — | — | 15,133,362 |
| Total liabilities | 233,416 | 799,540 | 465,017 | 2,943,404 | — | 2,366,090 | 6,807,467 |

(Expressed in U.S. dollars)

### Liquidity and Capital Resources

| | For the Years Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| **Cash from (used in) provided by:** | | |
| Operating activities | (399,045) | 226,952 |
| Investing activities | 146,499 | (2,775,681) |
| Financing activities | (1,422,075) | (273,287) |
| Effect of foreign exchange on cash | (134,772) | (237,730) |
| **Net change in cash during the period** | (1,809,393) | (3,059,746) |

As at December 31, 2023, the Company had current assets of $2,758,184 and current liabilities of $2,108,692, resulting in a working capital surplus of $649,492 (December 31, 2022 – working capital surplus of $651,916). The Company anticipates it has sufficient cash on hand to service its liabilities and fund operating costs for the immediate future with the additional sources of funding actually received in March 2024 (refer subsequent events).

### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at the date of this MD&A.

### Payable to Related Party

The balance of $1,371,266 payable to related party as at December 31, 2023 (December 31, 2022 - $1,966,604) represents the amount advanced under a line of credit provided by A.C.N 117 402 838 PTY LTD ("ACN"). ACN is related to the Company through common control of the CEO in both Companies. During the year ended December 31, 2023, the Company renewed its line of credit with ACN for further 54-month term ending in June 30, 2027. The renewed line of credit is a revolving credit facility available to fund general corporate purposes with a maximum principal amount of $1,769,943. The unsecured line of credit bears interest at a rate of 12% per annum, payable monthly in arrears, together with a minimum monthly repayment of principal amount outstanding of $32,777. As consideration for renewing the line of credit, the Company repaid $196,660 of the principal amount outstanding of $1,966,604 under the previous line of credit on January 3, 2023.

During the year ended December 31, 2023, the Company made principal repayments of $786,098. During the year ended December 31, 2023, the Company recorded interest expense of $190,761 (December 31, 2022 - $Nil)

### 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, 2023, was $381,915 (December 31, 2022 – $486,971).

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, 2023, was $22,803 (December 31, 2022 – $149,161).

### Key Management Remuneration (continued)

On June 17, 2022, the Company granted 5,000,000 stock options under the Company's stock option plan to an officer of the Company. 2,500,000 of these options have an exercise price of CAD$0.05 per stock option and 2,500,000 of these options have an exercise price of CAD$0.10. These options have an expiry date of June 17, 2032. The options vest in equal 25% tranches in each of September 2022, April 2023, November 2023 and June 2024. Share based compensation related to these options during the year ended December 31, 2023, was $62,762 (December 31, 2022 - $88,405).

On February 21, 2023, the Company granted 1,200,000 stock options under the Company's stock option plan to directors of the Company. These options have an exercise price of CAD$0.05 per stock option, and an expiry date of February 21, 2033. The options vested immediately on February 21, 2023. Share based compensation related to these options during the year ended December 31, 2023, was $31,068.

The Company incurred directors' fees during the year ended December 31, 2023, of $48,854 (December 31, 2022 - $66,564).

Included in trade payable and accrued liabilities was $27,170 payable to the directors of the Company for the director fees for the year ended December 31, 2023 (December 31, 2022 - $2,211).

The remuneration of key management personnel paid by ACN on the Company's behalf during the year ended December 31, 2023, was $277,983 (December 31, 2022 – $287,251).

### Business Risks and Uncertainties

There are a number of risk factors that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, could have a material adverse effect on the Company. If any of the following or other risks occurs, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Risk factors relating to the Company include, but are not limited to, the factors set out below.

*Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable and others. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

*Credit Risk (continued)*

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed interim consolidated statements of financial position. As at December 31, 2023, no amounts were held as collateral.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company scaling to become profitable or raising additional equity in excess of anticipated cash needs. The Company's cash is held in corporate bank accounts available on demand.

## Business Risks and Uncertainties (continued)

*Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. These are discussed further below.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its payable to related party and trade payable and accrued liabilities. The interest rate on the payable to related party is fixed, and the trade payable and accrued liabilities are not subject to any interest. A 10% change in the interest rate would not a result in a material impact on the Company's operations.

*Foreign Currency Risk*

As at December 31, 2023, portions of the Company's financial assets and liabilities are held in USD and CAD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following amounts are presented in USD to demonstrate the effect of changes in foreign exchange rates:

| | **December 31, 2023** |
|---|---|
| | **$** |
| Canadian dollar-based net assets | 1,797,451 |
| Effect of a +/- 10% change in exchange rate | 242,571 |

*Digital Currency and Risk Management*

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on www.bitcoincharts.com and www.coinmarketcap.com. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies; in addition, the Company may not be able liquidate its inventory of digital currency 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.

*Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risks with respect to its financial instruments.

## Business Risks and Uncertainties (continued)

*Market Risk for Securities*

The Company is a reporting issuer whose common shares are listed for trading on a stock exchange. There can be no assurance that an active trading market for the Company's common shares will be sustained in the future. The market price for the Company's common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

*Global Economic Risk*

Economic slowdown and downturn of global capital markets would make raising of capital through equity or debt financing more difficult. The Company will be dependent upon capital markets to raise additional financing in the future. The Company is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized resulting in an adverse impact on the Company's operations and the price of the Company's common shares.

*Share Price Volatility Risk*

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly cryptocurrency companies, like the Company, have experienced wide fluctuations that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

## Capital Management

The Company's objectives when managing its capital are:

1. To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;

2. To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;

3. To safeguard the Company's ability to obtain financing should the need arise; and

4. To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

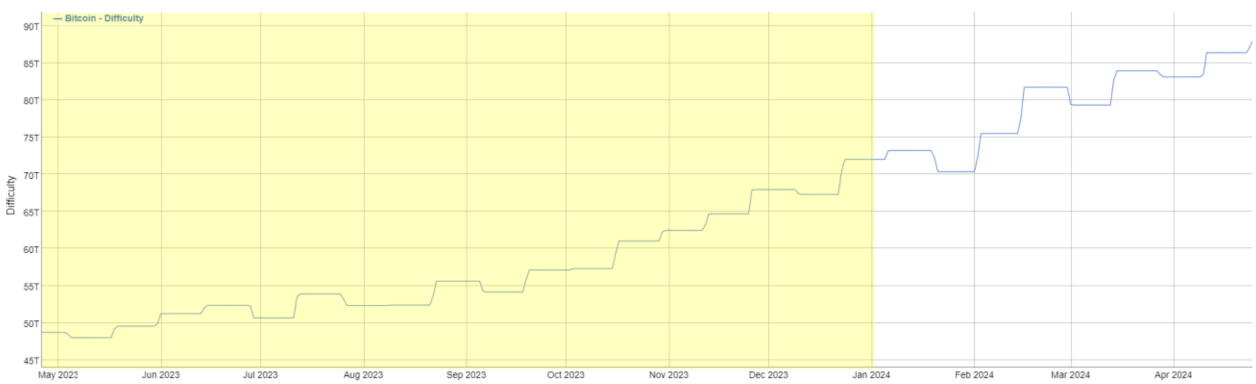
The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

## Current Market Conditions

The average price of Bitcoin increased in Q4 2023, with the average price increasing from $26,972 as at September 30, 2023 to $42,450 as at December 31, 2023.


(Source: https://bitinfocharts.com/comparison/bitcoin-price.html#1y).
*The Company holds no liability for any inaccurate data.

Bitcoin difficulty increased in Q4 2023.




(Source: https://bitinfocharts.com/comparison/bitcoin-difficulty.html#1y).
*The Company holds no liability for any inaccurate data.

## Critical Accounting Policies and Estimates

The Company has prepared the accompanying consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies and estimates are described in Note 3 of the Company's consolidated financial statements for the years ended December 31, 2023, and 2022.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

## 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)* *Useful Lives and Residual Values of Property and Equipment*

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)* *Going concern*

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.

**Significant Accounting Judgments and Estimates (continued)**

*(c)* *Share Based Compensation*

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)* *Income Taxes*

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.

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 withing 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.

## Significant Accounting Judgments and Estimates (continued)

*(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.

*(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.

**Significant Accounting Judgments and Estimates (continued)**

*(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.bitcoincharts.com and www.coinmarketcap.com.

*(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.

**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, 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Changes in Accounting Standards (continued)

<u>New and Amended Accounting Pronouncements (continued)</u>

*IAS 8 Amendments – Clarifying Distinction Between Accounting Policies and Accounting Estimates*

In February 2021, the IASB issued narrow-scope amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

*IAS 1 and IFRS Practice Statement 2 Amendments – Disclosure of Accounting Policies*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no significant impact on the Company's consolidated financial statements.

*IAS 12 Amendments – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The amendments had no significant impact on the Company's consolidated financial statements.

<u>Standards, Amendments and Interpretations Issued but not yet Adopted</u>

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2023, and, accordingly, have not been applied in preparing these consolidated financial statements.

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

In September 2022, the IASB issued amendments to IFRS 16 – Leases ("IFRS 16") relating to sale leaseback transactions for seller-lessees. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

## Changes in Accounting Standards (continued)

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

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

In October 2022, the IASB issued amendments to IAS 1 – Presentation of Financial Statements, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require disclosure of information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

*IAS 7 Amendments – Supplier Finance Arrangements*

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures. The amendments add requirements to disclose information that allows users to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is assessing the potential impact of these amendments.

*IAS 21 Amendments – Lack of Exchangeability*

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company is currently assessing the impact of the amendments.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company is currently assessing the impact of the amendments.

## Forward-Looking Statements

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

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

Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

i. That the information is of a preliminary nature and may be subject to further adjustment;

ii. The possible unavailability of financing;

iii. Start-up risks;

iv. General operating risks;

v. Dependence on third parties;

vi. Changes in government regulation;

vii. The effects of competition;

viii. Dependence on senior management;

ix. Impact of global economic conditions;

x. Fluctuations in currency exchange rates and interest rates; and

xi. Fluctuations in cryptocurrency prices.

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.