SATO Technologies Corp.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2026 and 2025

(expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three and nine months ended September 30, 2026 and 2025.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2026 and December 31, 2025
(In Canadian dollars)
(unaudited)

As at,	Notes	September 30, 2026 $	December 31, 2025 $
Assets			
Current assets			
Cash		1,061,836	123,677
Trade and other receivables	(Note 4)	101,219	229,601
Digital assets	(Notes 5, 17)	223,352	37,435
Restricted digital assets	(Notes 5, 17)	-	792,392
Prepaid expenses		52,088	438,484
Total current assets		1,438,495	1,621,589
Non-current assets			
Deposits	(Note 6)	432,486	432,486
Property and equipment	(Note 8)	5,567,311	6,493,784
Right-of-use assets		1,621,872	1,789,653
Total non-current assets		7,621,669	8,715,923
Total assets		9,060,164	10,337,512
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	(Note 9)	900,941	789,603
Current portion of borrowings	(Notes 10)	-	3,061,409
Current portion of lease liability	(Note 7)	246,390	261,847
Total current liabilities		1,147,331	4,112,859
Convertible debentures	(Note 11)	271,813	-
Lease liability	(Note 7)	1,912,200	2,016,743
Total long-term financial liabilities		2,184,013	2,016,743
Total liabilities		3,331,344	6,129,602
Shareholders' Equity			
Share capital	(Note 12)	17,157,005	14,643,692
Contributed surplus	(Note 12)	4,569,017	3,979,379
Digital currency revaluation reserve		148,835	259,268
Accumulated deficit		(16,146,037)	(14,674,429)
Total Shareholders' Equity		5,728,820	4,207,910
Total Liabilities and Shareholders' Equity		9,060,164	10,337,512

Subsequent events — Note 17

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

Approved on behalf of the Board:

"Romain Nouzareth"
Chair of the Board and CEO

"Frank Di Tomaso"
Director

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2026 and 2025
(In Canadian dollars)
(Unaudited)

	Notes	Three months ended September 30, 2026 $	Three months ended September 30, 2025 $	Nine months ended September 30, 2026 $	Nine months ended September 30, 2025 $
Revenue					
Digital assets earned	(Note 5)	1,084,073	3,339,586	3,561,034	9,308,439
Other		5,280	5,280	15,840	15,840
Total revenues		1,089,353	3,344,866	3,576,874	9,324,279
Cost of Operations					
Site operating costs		968,030	2,373,478	3,674,299	6,983,745
Salary and benefits		46,657	44,506	146,960	135,922
Depreciation and amortization	(Notes 7 and 8)	367,675	545,316	1,104,783	1,635,028
Cost of revenue		1,382,362	2,963,300	4,926,042	8,754,695
Gross profit (loss)		(293,009)	381,566	(1,349,168)	569,584
Gain on use of digital assets	(Note 5)	181,020	185,979	32,032	532,260
Unrealized gain on revaluation of digital assets	(Note 5)	-	-	-	-
		(111,989)	567,545	(1,317,136)	1,101,844
Expenses					
Share based payments	(Note 12)	485,893	32,763	507,972	232,914
General and administration	(Note 13)	587,226	594,793	1,427,873	1,806,854
Total operating expenses		1,073,119	627,556	1,935,845	2,039,768
Operating loss		(1,185,108)	(60,011)	(3,252,981)	(937,924)
Other expenses (income)					
Foreign exchange loss		22,638	(1,416)	38,398	8,754
Unrealized foreign exchange loss (gain)		(11,858)	62,543	12,221	431,852
Gain on debt modification	(Note 10)	(30,449)	-	(245,379)	-
Finance expense	(Notes 10 and 11)	119,980	163,286	417,026	557,790
Gain on loan settlement	(Note 10)	(1,986,285)	-	(1,986,285)	-
Write-off of payables		(17,354)	-	(17,354)	-
Total other expenses (income)		(1,903,328)	224,413	(1,781,373)	998,396
Income (loss) before income taxes		718,220	(284,424)	(1,471,608)	(1,936,320)
Deferred income tax recovery		-	-	-	-
Net income (loss) for the period		718,220	(284,424)	(1,471,608)	(1,936,320)
Other comprehensive income (loss)					
Items that will not be reclassified to net (loss)					
Revaluation of digital assets, net of tax	(Note 5)	7,786	81,266	(110,433)	44,950
Net income (loss) and comprehensive income (loss) for the period		726,006	(203,158)	(1,582,041)	(1,891,370)
Basic and diluted income (loss) per share for the period		0.01	(0.00)	(0.02)	(0.03)
Weighted average number of common shares outstanding		94,589,014	73,277,682	86,822,227	73,277,687

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

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2026 and 2025
(In Canadian dollars)
(Unaudited)

	Number of Shares #	Share Capital $	Contributed Surplus $	Digital currency revaluation reserve $	Accumulated Deficit $	Total Shareholders' Equity $
Balance, December 31, 2024	73,277,680	14,643,659	3,713,716	283,681	(10,301,188)	8,339,868
Common shares deemed to be issued following the election to exercise compensation warrants (Note 12)	100	33	(14)	-	-	19
Stock-based compensation expense (Note 12)	-	-	232,914	-	-	232,914
Revaluation of digital assets, net of tax	-	-	-	44,950	-	44,950
Net loss for the period	-	-	-	-	(1,936,320)	(1,936,320)
Balance, September 30, 2025	73,277,780	14,643,692	3,946,616	328,631	(12,237,508)	6,681,431
Balance, December 31, 2025	73,277,780	14,643,692	3,979,379	259,268	(14,674,429)	4,207,910
Private placements (Note 12)	31,226,565	2,534,028	-	-	-	2,534,028
Debt settlements (Note 12)	784,980	59,105	-	-	-	59,105
Share issuance cost (Note 12)	-	(79,820)	7,763	-	-	(72,057)
Issuance of convertible debentures and warrants (Note 12)	-	-	73,903	-	-	73,903
Repricing and extension of stock options (Note 12)	-	-	485,893	-	-	485,893
Stock-based compensation expense (Note 12)	-	-	22,079	-	-	22,079
Revaluation of digital assets, net of tax	-	-	-	(110,433)	-	(110,433)
Net loss for the period	-	-	-	-	(1,471,608)	(1,471,608)
Balance, September 30, 2026	**105,289,325**	**17,157,005**	**4,569,017**	**148,835**	**(16,146,037)**	**5,728,820**

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

SATO Technologies Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2026 and 2025
(In Canadian dollars)
(Unaudited)

	September 30, 2026 $	September 30, 2025 $
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	(1,471,608)	(1,936,320)
Items not affecting operating cash:		
Digital asset mined	(3,561,034)	(9,308,439)
Digital assets used to pay for services	-	12,224
Digital assets given as donations	-	9,844
Depreciation	1,104,783	1,635,028
Gain on debt modification	(245,379)	-
Gain on use of digital assets	(32,032)	(532,260)
Gain on loan settlement	(1,986,285)	-
Share based payments	507,972	232,914
Foreign exchange loss	44,270	428,898
Finance expense	417,026	202,600
	(5,222,287)	(9,255,512)
Net changes in non-cash working capital:		
Trade and other receivables	128,382	486,508
Deposits and prepaid expenses	386,396	(25,852)
Accounts payable and accrued liabilities	142,435	(475,593)
Cash used in operating activities	(4,565,074)	(9,270,449)
INVESTING ACTIVITIES		
Change in restricted cash	-	90,312
Disposal of digital assets	3,356,426	12,949,718
Purchase of digital assets	(1,945)	(11,421)
Purchase of property, plant and equipment	(10,529)	-
Cash provided by investing activities	3,343,952	13,028,609
FINANCING ACTIVITIES		
Proceeds from private placement, net	2,461,971	-
Proceeds from convertible debenture	330,954	-
Repayment of lease liabilities	(310,283)	(299,674)
Repayment of long-term loan	-	(2,829,161)
Cash consideration paid on settlement of long-term loan	(259,463)	-
Interest paid on convertible debenture	(25,500)	-
Proceeds from line of credit	-	21,703
Repayment of line of credit	-	(584,615)
Cash provided by (used in) financing activities	2,197,679	(3,691,747)
Increase in cash	976,557	66,413
Effect of foreign exchange on cash	(38,398)	(84,280)
Cash, beginning of the year	123,677	658,488
Cash, end of the period	1,061,836	640,621
Taxes paid	-	-
Interest paid	215,784	355,190
Non-cash investing and financing activities		
Purchase of equipment with digital assets	-	20,144

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

1. INCORPORATION, BUSINESS ACTIVITIES AND GOING CONCERN

SATO Technologies Corp. (the "Company" or "SATO") was incorporated under the Ontario Business Corporations Act on May 7, 2008 as Capricorn Business Acquisitions Inc. ("Capricorn"). The Company's shares were listed for trading on the TSX Venture Exchange ("TSXV") on September 16, 2021. The Company's head office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6 and its only place of business is located at 289 Dugas Joliette, Québec, Canada, J6E 4H1.

The subsidiary Canada Computational Unlimited Inc. was incorporated under the Business Corporations Act of Québec on November 16, 2017. The Company carries on the business of Canada Computational Unlimited Inc. and is a Tier 2 technology issuer under the symbol "SATO". SATO Corp., the Company's US based subsidiary was incorporated under the Delaware General Corporation Law on October 11, 2022. During the year ended December 31, 2025, the subsidiary Qritical AI Inc. was incorporated under the Business Corporations Act of Québec on June 23, 2025.

The Company and its subsidiaries (collectively, the “Company”) currently operate specialized computing equipment used to validate transactions on the Bitcoin blockchain. In exchange for providing computing power to a mining pool, the Company receives Bitcoin. As at and during the nine months ended September 30, 2026, the Company’s only revenue-generating operations were Bitcoin-mining operations conducted at its data centre in Joliette, Québec, and the Company had one reportable operating segment: the provision of computing power for Bitcoin mining.

During 2026, the Company continued evaluating and developing opportunities to utilize its existing data-centre infrastructure, power capacity and technical expertise to support artificial intelligence and high-performance-computing (“AI/HPC”) workloads. These activities remained in the development stage as at September 30, 2026 and had not generated revenue. Accordingly, the development of AI/HPC opportunities did not constitute a separate revenue-generating operation or reportable operating segment during the period.

The cryptocurrency-mining industry is subject to significant volatility and inherent risks. A significant decline in cryptocurrency prices, an increase in Bitcoin network difficulty, changes in energy prices, changes in the regulatory environment or adverse changes in other industry conditions could negatively affect the Company’s operations and the recoverable amount of its property and equipment.

Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of business.

As at September 30, 2026, the Company had an accumulated deficit of $16,146,037 and working capital of $291,164. During the nine months ended September 30, 2026, the Company incurred a net loss of $1,471,608 and used cash of $4,565,074 in operating activities.

During the nine months ended September 30, 2026, the Company completed private placements (including a convertible debenture financing) that generated aggregate gross proceeds of approximately $2.9 million. On August 24, 2026, the Company also completed the settlement of its secured loan facilities with Sygnum Bank AG by transferring approximately 6.69 Bitcoin, having a fair value of $734,627, and paying cash consideration of $259,463. The settlement eliminated the Company’s secured borrowings, which totalled $3,061,409 at December 31, 2025.

Notwithstanding these transactions, the Company’s ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from its Bitcoin-mining operations, manage its operating expenditures, obtain additional financing when required and successfully develop additional sources of revenue, including its planned artificial-intelligence and high-performance-computing data-centre activities. There can be no assurance that additional financing will be available when required or on terms acceptable to the Company, or that the Company’s development activities will generate sufficient revenue or positive cash flows. The Company will require additional financing to fund its planned activities and commitments over the next twelve months.

1. INCORPORATION, BUSINESS ACTIVITIES AND GOING CONCERN (continued)

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not include adjustments to the carrying amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34 Interim financial reporting. These unaudited condensed interim consolidated financial statements of the Company were reviewed, approved and authorized for issue by the Board of Directors on November 25, 2026.

Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and under the historical cost basis, except for some financial instruments and some assets that have been measured at fair value.

Basis of consolidation

The unaudited condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Canada Computational Unlimited Inc., Qritical AI Inc. and SATO Corp.

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The unaudited condensed interim consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany transactions and balances are eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as those applied in the audited consolidated financial statements for the year ended December 31, 2025, as described in Note 3 thereto, and should be read in conjunction with those audited financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

The Company records revenue from contracts with customers in accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The core principle of this standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1 - Identifying the contract with a customer;
Step 2 - Identifying the performance obligations in the contract;
Step 3 - Determining the transaction price, which is the total consideration provided by the customer;
Step 4 - Allocating the transaction price among the performance obligations in the contract based on their relative fair values; and
Step 5 - Recognizing revenue when (or as) the Company satisfies a performance obligation.

Digital assets earned

The Company has entered into arrangements, as amended from time to time, with mining pools operators and has undertaken the performance obligation of performing hash computations (i.e., hashrate) to the mining pools in exchange for non-cash consideration in the form of digital assets. The provision of computing power to mining pools is an output of the Company's ordinary activities. The Company has the right to decide the point in time and duration for which it will provide hash computation services to the mining pools. As a result, the Company's enforceable right to compensation only begins when, and continues as long as, the Company provides computing power to the mining pool operator. The contracts are terminable at any time by either party without substantive compensation to the other party for such termination. Upon termination, the mining pool operator (i.e., the customer) is required to pay the Company any amount due related to previously satisfied performance obligations. Therefore, the Company has determined that the duration of the contract is less than 24 hours and that the contract continuously renews throughout the day. The Company has determined that this renewal right is not a material right as the terms, conditions, and compensation amounts are at then market rates. There is no significant financing component in these transactions.

In exchange for providing computing power, which represents the Company's only performance obligation, the Company is entitled to non-cash consideration in the form of digital assets, calculated under a payout methods, depending on the mining pool. The payout method used by the mining pools in which the Company participates is Full Pay Per Share ("FPPS"). This payout methods contain three components, (1) a fractional share of the fixed cryptocurrency award from the mining pool operator (referred to as a "block reward"), (2) transaction fees generated from (paid by) blockchain users to execute transactions and distributed (paid out) to individual miners by the mining pool operator, and (3) mining pool operating fees retained by the mining pool operator for operating the mining pool. The Company's total compensation is the sum of the Company's share of (1) block rewards and (2) transaction fees, less (3) mining pool operating fees:

(1) Block rewards earned by the Company are calculated by the mining pool operator based on the proportion of hashrate the Company contributed to the mining pool to the total network hashrate used in solving the current algorithm. The Company is entitled to its relative share of consideration even if a block is not successfully added to the blockchain by the mining pool.

(2) Transaction fees refer to the total fees paid by users of the network to execute transactions. Under FPPS, the Company is entitled to a pro-rata share of the total network transaction fees. The transaction fees paid out by the mining pool operator to the Company is based on the proportion of hashrate the Company contributed to the mining pool to the total network hashrate. The Company is entitled to its relative share of consideration even if a block is not successfully added to the blockchain by the mining pool.

(3) Mining pool operating fees are charged by the mining pool operator for operating the mining pool as set forth in a rate schedule to the mining pool contract. The mining pool operating fees reduce the total amount of compensation the Company receives and are only incurred to the extent that the Company has generated mining revenue pursuant to the mining pool operators' payout calculation.

3. MATERIAL ACCOUNTING POLICIES (continued)

Because the consideration to which the Company expects to be entitled for providing computing power is entirely variable (block rewards, transaction fees and pool operating fees), as well as being non-cash consideration, the Company assesses the estimated amount of the variable non-cash consideration to which it expects to be entitled for providing computing power at contract inception and subsequently, to determine when and to what extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is subsequently resolved. For each contract under the FPPS payout method, the Company recognizes the non-cash consideration on the same day that control of the contracted service transfers to the mining pool operator, which is the same day as the contract inception. The Company measures non-cash consideration at the cryptocurrency closing price of the day on the date of contract inception, as determined by Coinbase Prime.

Management considers the prices quoted on Coinbase Prime to be a Level 1 input under IFRS 13, Fair Value Measurement ("IFRS 13"). Any difference between the fair value of digital assets recorded upon receipt from selling hashrate activities and the actual realized price upon disposal are recorded as a gain or loss on disposition of digital assets.

Digital assets
Digital assets consist of Bitcoin and other cryptocurrencies. Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the digital asset received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital assets at the end of each quarter. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income. Gains and losses on digital assets sold between revaluation dates are included in profit or loss.

Digital assets are measured at fair value using the quoted price on Coinbase Prime. The Company has determined Coinbase Prime as the most advantageous market due to its liquidity, market accessibility, and competitive transaction fees, as no principal market has been identified for the digital assets. The most advantageous market is defined as the market that maximizes the net proceeds from selling the asset, after considering transaction costs. Management considers this fair value measurement to be a Level 1 input under IFRS 13, as Coinbase Prime provides quoted prices directly observable in active markets for identical digital assets without adjustments.

Non-monetary transactions
Where the Company is settling with digital assets, a liability for the purchase of goods and services where the price was established in a quantity of digital assets, the difference between the liability's initial fair value of the quantity of digital assets settled and the fair value of the digital assets transferred is recognized as a gain or loss on settlement.

Convertible debenture
Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes

The Company applies the liability method of accounting for income taxes. Current tax expense is recognized based on the expected tax payable on the taxable income for the year, using the enacted tax rate at period end, adjusted for any amendments with regards to previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the underlying tax loss or deductible temporary differences can be utilized. Deferred tax liabilities are always recognized in full. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets and liabilities are recognized as a component of tax income or expense in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

The Company has earned bitcoin from the commercial activity of digital assets mining by using pools. The Company has followed the published Canada Revenue Agency (“CRA”) view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Digital assets are valued in accordance with Section 10 of the Income Tax Act. Revenue from bitcoin mining is included in taxable income when the bitcoin is earned from the pools. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these condensed interim consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Board ("IASB"). None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s condensed interim unaudited consolidated financial statements except for the following:

IFRS 18 *Presentation and Disclosure in the Financial Statements*

In April 2024, the IASB issued IFRS 18, which will replace IAS 1 *Presentation of Financial Statements*. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and provides more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes;
- the classification of all income and expenses within the statement of profit or loss in one of five categories;
- a new requirement to disclose performance measures defined by management;
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

3. MATERIAL ACCOUNTING POLICIES (continued)

The publication of IFRS 18 results also in consequential amendments to other IFRS standards, including IAS 7 Statement of Cash Flows.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 will apply retrospectively with specific transitional provisions.

The Company is currently working to identify all impacts that the amendments will have on the primary financial statements and notes to the interim unaudited consolidated condensed financial statements.

Critical accounting judgements, estimates and assumptions

The preparation of these condensed unaudited interim consolidated financial statements in conformity with IFRS Accounting standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed unaudited interim consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These condensed unaudited interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed unaudited interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements

The judgements made by management in applying the accounting policies of the Company that have the most significant effect on these condensed interim consolidated financial statements are provided in the Company's annual audited consolidated financial statements for the year ended December 31, 2025 and remain unchanged from the year end other than judgements relating to convertible debentures as described below.

Convertible debentures

Significant judgment is required in accounting for the Company's convertible notes. Significant judgement is required in determining the fair value and allocation of convertible debentures to the liability and equity components.

Critical accounting estimates and assumptions

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided in the Company's annual audited consolidated financial statements for the year ended December 31, 2025 and remain unchanged from the year end other than estimates relating to convertible debentures as described below. Actual results may be substantially different.

Convertible debentures

Management relies on a number of estimates and assumptions, including the effective interest rate, volatility, maturity duration and any conversion rights and terms, in determining the fair value and allocation of convertible debentures to the liability and equity components.

4. TRADE AND OTHER RECEIVABLES

	September 30, 2026	December 31, 2025
	$	$
Sales taxes receivable	101,219	229,601
Total trade and other receivables	101,219	229,601

5. DIGITAL ASSETS

The Company's holdings of digital assets consist of the following:

	For the nine months ended September 30, 2026				
	$	Number of Bitcoin	$	Number of Other Digital assets	Total $
Balance, beginning of year	827,023	7	2,804	2	829,827
Digital assets earned	3,561,034	35	-	-	3,561,034
Digital assets purchased	1,945	-	-	-	1,945
Digital assets traded for cash	(3,352,402)	(33)	(4,024)	(1)	(3,356,426)
Digital assets transferred as consideration in loan settlement	(734,627)	(7)	-	-	(734,627)
Gain on use of digital assets	30,728	-	1,304	-	32,032
Unrealized loss on revaluation of digital assets	(110,433)	-	-	-	(110,433)
Balance, end of period	223,268	2	84	1	223,352

	For the year ended December 31, 2025				
	$	Number of Bitcoin (rounded)	$	Number of Other Digital assets	Total $
Balance, beginning of year	4,551,495	34	5,369	1	4,556,864
Digital assets earned	11,643,475	82	-	-	11,643,475
Digital assets purchased	146,751	1	3,043	1	149,794
Digital assets traded for cash	(15,769,939)	(110)	(4,127)	-	(15,774,066)
Digital assets paid for services	(12,224)	-	-	-	(12,224)
Digital assets used to purchase equipment	(20,144)	-	-	-	(20,144)
Digital assets given as a donation	(9,844)	-	-	-	(9,844)
Gain on use of digital assets	320,385	-	-	-	320,385
Unrealized loss on revaluation of digital assets	(22,932)	-	(1,481)	-	(24,413)
Balance, end of year	**827,023**	**7**	**2,804**	**2**	**829,827**

	For the nine months ended September 30, 2025				
	$	Number of Bitcoin (rounded)	$	Number of Other Digital assets	Total $
Balance, beginning of year	4,551,495	34	5,369	1	4,556,864
Digital assets earned	9,308,439	65	-	-	9,308,439
Digital assets purchased	8,378	-	3,043	5	11,421
Digital assets traded for cash	(12,949,718)	(90)	-	-	(12,949,718)
Digital assets paid for services	(12,223)	-	-	-	(12,223)
Digital assets used to purchase equipment	(20,144)	-	-	-	(20,144)
Digital assets given as a donation	(9,844)	-	-	-	(9,844)
Gain on use of digital assets	532,260	-	-	-	532,260
Unrealized gain on revaluation of digital assets	45,094	-	(144)	-	44,950
Balance, end of period	**1,453,737**	**9**	**8,268**	**6**	**1,462,005**

5. DIGITAL ASSETS (continued)

Digital assets held are revalued each reporting period based on the fair market value for the price of Bitcoin and other digital assets on the reporting period date. As of September 30, 2026, the price of Bitcoin was $118,530 ($US 83,263) (December 31, 2025 - $121,140 ($US 88,263)).

For the period ended September 30, 2026, the Company recognized an unrealized revaluation loss of $110,433 on digital assets measured under the revaluation model. The entire revaluation loss of $110,433 was recognized in other comprehensive income because it reduced a previously recognized revaluation surplus. No amount was recognized in profit or loss.

For the nine months ended September 30, 2025, the Company recognized an unrealized revaluation gain of $44,950 in other comprehensive income.

As at September 30, 2026, the Company had no Bitcoin pledged as collateral, compared with approximately 7 Bitcoin having a fair value of $792,392 as at December 31, 2025. The digital assets pledged at December 31, 2025 were subject to contractual restrictions and could not be transferred, sold or otherwise used by the Company while the related loan facilities remained outstanding. The loan facilities were settled during the period, and no digital assets were pledged as collateral as at September 30, 2026. Further details are provided in Note 10.

During the nine months ended September 30, 2026, management regularly monitored the profitability of the Company's mining fleet based on prevailing Bitcoin prices, network difficulty, electricity costs and individual miner efficiency. In response to market conditions, the Company selectively down-clocked up to 50% of its mining fleet when certain miners were not operating profitably. This reduced the Company's hashrate and Bitcoin production but also reduced electricity consumption and associated operating costs.

6. DEPOSITS

	September 30, 2026	December 31, 2025
	$	$
Deposits related to electricity supply under Electricity Supply Agreement (i)	417,486	417,486
Other deposits	15,000	15,000
Total non-current deposits	**432,486**	**432,486**

(i) Security deposit for current electricity usage.

7. LEASES

The Company leases its facility. The lease has an initial term of 5 years and a renewal option after that date. The lease does not specify any restrictions and the leased property cannot be used to secure loans. The right-of-use assets and lease liabilities recognized by the Company relates to facilities.

Right-of-use assets	September 30, 2026	December 31, 2025
	$	$
Balance as at January 1st	1,789,653	2,013,361
Depreciation	(167,781)	(223,708)
Balance	**1,621,872**	**1,789,653**

7. LEASES (continued)

Lease liability	September 30, 2026	December 31, 2025
	$	$
Balance as at January 1st	2,278,590	2,409,182
Lease payments and interest	(120,000)	(130,592)
Balance	**2,158,590**	**2,278,590**
Current portion of lease liability	246,390	261,847
Non-current portion of lease liability	1,912,200	2,016,743

Contractual undiscounted payments under lease liabilities are as follows:	September 30, 2026	December 31, 2025
	$	$
Within one year	424,694	413,710
1 to 2 years	439,728	428,356
2 to 5 years	1,402,183	1,378,216
After 5 years	866,045	1,222,653
Total	**3,132,650**	**3,442,935**

Other amounts recognized in profit or loss	September 30, 2026	September 30, 2025
	$	$
Interest expense on lease liabilities	190,284	202,600

Cash flow amounts	September 30, 2026	September 30, 2025
	$	$
Total cash outflow for lease	310,283	299,674

8. PROPERTY AND EQUIPMENT

	Miners	Computer Equipment	Industrial Equipment	Leasehold Improvement	Small Equipment	In Construction - Industrial Equipment	Total
	$	$	$	$	$	$	$
Cost							
Balance - December 31, 2024	7,881,747	261,084	6,127,159	715,014	43,694	433,470	15,462,168
Transfer (i)	-	-	433,470	-	-	(433,470)	-
Additions	20,144	-	-	-	-	-	20,144
Balance - December 31, 2025	7,901,891	261,084	6,560,629	715,014	43,694	-	15,482,312
Additions	10,529	-	-	-	-	-	10,529
Balance - September 30, 2026	7,912,420	261,084	6,560,629	715,014	43,694	-	15,492,841
Accumulated depreciation							
Balance - December 31, 2024	4,169,513	248,191	1,544,929	242,099	28,646	-	6,233,378
Depreciation	1,182,980	7,091	612,716	71,501	3,009	-	1,877,297
Impairment (ii)	877,853	-	-	-	-	-	877,853
Balance - December 31, 2025	6,230,346	255,282	2,157,645	313,600	31,655	-	8,988,528
Depreciation	419,641	2,393	459,537	53,626	1,805	-	937,002
Balance - September 30, 2026	6,649,987	257,675	2,617,182	367,226	33,460	-	9,925,530
Net carrying value	**$**	**$**	**$**	**$**	**$**	**$**	**$**
As at December 31, 2025	**1,671,545**	**5,802**	**4,402,984**	**401,414**	**12,039**	**-**	**6,493,784**
As at September 30, 2026	**1,262,433**	**3,409**	**3,943,447**	**347,788**	**10,234**	**-**	**5,567,311**

(i) During the year ended December 31, 2025, the Company reclassified $433,470 of assets from construction in progress to equipment to reflect their current status as available for use. These assets relate to switchgear that had previously been presented within Construction - Industrial Equipment. As at year end, these assets are not currently in active use and therefore not depreciated.

(ii) During the year ended December 31, 2025, the Company recognized an impairment loss of $877,853 related to its cryptocurrency mining equipment. The impairment was identified due to indicators of impairment, including declines in cryptocurrency prices and increases in network difficulty, which negatively impacted the estimated recoverable amount of the assets. The recoverable amount of the mining equipment was determined based on fair value less costs of disposal using observable market data for similar mining equipment, adjusted for condition, age, and estimated selling cost. As a result, the carrying value of the mining equipment was written down to its estimated recoverable amount.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2026 $	December 31, 2025 $
Accounts payable	189,155	130,890
Accrued liabilities	457,993	449,328
Amounts due to related parties (Note 14)	237,146	170,928
Salaries and vacation payable	16,647	38,457
Total	900,941	789,603

10. BORROWINGS

	September 30, 2026 $	December 31, 2025 $
Long term loan, 9.5% payable in monthly instalments of CHF$217,504 ($342,743) maturing in July 2026 (i)	-	3,041,001
Emergency Loan for Canadian Businesses		-
Credit line (ii)	-	20,408
Total debt	**-**	**3,061,409**
Current portion of long term debt	-	3,061,409
Long term portion of long term debt	-	-

(i) On July 18, 2022, the Company signed a loan agreement to finance the purchase of mining equipment. An initial tranche of CHF3,000,000 (CAD$3,873,610) net of financing costs of $98,600 was allocated. The capital is repayable over a 3-year term and originally bore interest at 8%.

On July 21, 2023, the Company refinanced the loan, stated above, to finance the purchase of additional mining equipment. From the initial tranche of CHF3,000,000, an additional increment of CHF3,790,000 was added for a total principal of CHF6,639,781 (CAD$10,103,755) net of financing costs of $195,449. The capital is repayable over a 3-year term and bears interest at 9.5%. As of December 31, 2025, the net book value of miners collateralized under the loan is $3,712,234.

In November 2025, the Company entered the Forbearance Agreement with its lender in respect of its long-term loan facility. Under the terms of the agreement, the lender agreed to temporarily suspend required principal and interest payments for a three-month grace period commencing November 2025. The Company assessed the amendment to the loan terms in accordance with IFRS 9 and determined that the modification did not result in a substantial modification or extinguishment of the financial liability. Accordingly, the Company accounted for the amendment as a modification of the existing liability.

As a result of the modification, the Company recognized a gain on modification of $73,573, representing the difference between the present value of the modified cash flows discounted at the original effective interest rate and the carrying amount of the liability immediately prior to the modification.

Effective April 8, 2026, the Company entered into a new forbearance agreement (the “New Forbearance Agreement”) with Sygnum Bank AG (the “Lender”) in respect of its outstanding loan facility. Under the New Forbearance Agreement, the Lender agreed to forbear from enforcing the Company’s principal and interest payment obligations during the period from November 1, 2025 to September 30, 2026, subject to specified conditions. These conditions included transferring the Company’s Bitcoin holdings to accounts controlled by the Lender as collateral, directing future Bitcoin-mining proceeds to the Lender, obtaining the Lender’s approval for cryptocurrency transfers and withdrawals, complying with ongoing reporting and operational covenants, and reducing the outstanding debt by US$500,000 by each of June 30 and September 30, 2026. Interest continued to accrue during the forbearance period in accordance with the original loan agreement.

10. BORROWINGS (continued)

The Company accounted for the New Forbearance Agreement as a modification of the existing financial liability and recognized a gain on modification of $245,379, representing the difference between the present value of the modified contractual cash flows discounted using the original effective interest rate and the carrying amount of the liability immediately before the modification. The Company did not make the US$500,000 debt reduction required by June 30, 2026, and the loan matured in July 2026 without repayment. Accordingly, before completion of the settlement described below, the Company was not in compliance with the New Forbearance Agreement.

On August 24, 2026, the Company completed a settlement agreement with the Lender to settle its outstanding loan facilities. Under the settlement agreement, the Lender retained approximately 6.69 Bitcoin having a fair value of $734,627, and the Company paid cash consideration of $259,463 (CHF150,000). Upon completion of the settlement, the Company and its subsidiary received a full release from their obligations under the applicable loan facilities. Based on the Canadian-dollar value of the consideration transferred, and the carrying amount of the liabilities extinguished, the Company recognized a gain on loan settlement of $1,986,285.

Changes in the loan are as follows:

	2026
	$
Balance at January 1, 2026	**3,041,001**
Cash-flows:	
Proceeds	-
Settlement consideration – cash payment	(259,463)
Settlement consideration – BTC payment	(734,627)
Non-cash	
Interest	186,480
Realized foreign exchange gain	(1,727)
Gain on debt modification	(245,379)
Gain on loan settlement	(1,986,285)
Balance, September 30, 2026	**-**

(ii) The Company had a $1,600,915 (US$1,150,000) revolving line of credit agreement, to support its continuing working capital needs. At September 30, 2026, the Company had pledged Nil BTC at a fair value of $Nil (7 BTC at a fair value of $792,392 at December 31, 2025) to secure the revolving line of credit agreement and long-term loan described above. These digital assets were subject to contractual restrictions and could not be transferred, sold, or otherwise used by the Company while the loan remained outstanding. Borrowings under the credit agreement bore interest at a fixed rate of 9.0%. As at September 30, 2026, the Company had no outstanding borrowings under the revolving line of credit agreement (December 31, 2025 — $20,408). Separately, accrued fees and interest of $28,877 owing to the Lender were included in accounts payable and accrued liabilities.

10. BORROWINGS (continued)

(iii) A summary of finance expense is as follows:

	September 30, 2026	September 30, 2025
Finance expense	**$**	**$**
Interest expense on long term loan	186,480	349,258
Interest on convertible debentures	40,262	-
Interest on line of credit	-	5,932
Interest on lease liability	190,284	202,600
	417,026	**557,790**

11. CONVERTIBLE DEBENTURES

During the period ended September 30, 2026, the Company completed a non-brokered private placement offering, which included a convertible debenture unit issuance (the "Debenture Units") for gross proceeds of $340,000 to the Chief Executive Officer of the Company.

Each Debenture Unit consists of a $1,000 principal amount unsecured convertible debenture (the "Debentures") and detachable warrants equal to the number of common shares issuable upon the full conversion of the $1,000 principal amount of such Debenture at the applicable conversion price. The Debentures bear interest at 15% per annum, payable quarterly in cash or, at the option of the holder and subject to regulatory approval, in common shares. The Debentures mature in March 2029 and are convertible into Common Shares at $0.085 per share during the first year and $0.10 per share thereafter. Each warrant entitles the holder to acquire one Common Share at an exercise price of $0.10 per share for a period of three (3) years from the date of issuance.

For accounting purposes, the Debentures represented a compound financial instrument that contains both liability and equity components. On initial recognition, the liability component was measured at fair value based on the present value of the contractual principal and interest payments, discounted using a market interest rate of 21% for a comparable financial instrument without an equity conversion feature. The residual amount of the proceeds was allocated to the equity components relating to the conversion feature and detachable warrants. The liability component is subsequently measured at amortized cost using the effective interest method. The equity components are not subsequently remeasured.

The allocation of the gross proceeds from the Debenture Units on initial recognition was as follows:

	March 14, 2026
	$
Liability component – initially recognized at fair value	264,077
Conversion feature – equity component	38,834
Warrants – equity component	37,089
Gross proceeds	**340,000**

11. CONVERTIBLE DEBENTURES (continued)

Transaction cash costs were $9,046. Upon initial recognition, transaction costs have been allocated using the relative gross proceeds with $7,026 allocated to the debenture liability and $2,020 to the equity portion. Transaction costs allocated to the debenture liability have been recorded as a reduction of the carrying amount of the financial liability, whereas transaction costs allocated to the equity components have been recorded as a reduction in equity.

A continuity of the Company's convertible debentures is as follows:

	Amount $
Balance, December 31, 2025	**-**
Liability component recognized at issuance	264,077
Transaction costs	(7,026)
Interest expense	27,831
Accretion expense	12,431
Interest payment	(25,500)
Balance, September 30, 2026	**271,813**

12. EQUITY

Share Capital

Authorized
An unlimited number of common shares, voting, participating and without par value.

Issued

	Number of Shares #	Share Capital $
Balance, December 31, 2024	73,277,683	14,643,659
Common shares issued upon the exercise of stock options	97	33
Balance, December 31, 2025	73,277,780	14,643,692
Common shares issued pursuant to private placement (i)	31,226,565	2,534,028
Share issuance costs	-	(79,820)
Common shares issued pursuant to debt settlement (ii)	784,980	59,105
Balance, September 30, 2026	105,289,325	17,157,005

(i) In March 2026, the Company completed a non-brokered private placement offering, which closed in multiple tranches, for aggregate gross proceeds of $1,375,174**.** The offering included both (i) 16,238,025 units issued for gross proceeds of approximately $1,035,174 and (ii) a convertible debenture unit issuance for gross proceeds of $340,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.085 per share for a period of one year from the date of issuance and $0.10 per share thereafter, expiring in March 2031. Of the total proceeds of $1,035,174, $Nil was allocated to the warrants using the residual method.

In connection with the private placement, the Company issued 94,117 finder's warrants for a fair value of $7,763. The finder's warrants are exercisable at $0.10 per share and expire on March 23, 2031. The fair value was calculated using the Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of the grant:	$0.09
Expected life:	5 years
Risk-free interest rate:	3.12%
Expected volatility[(1)]:	154%
Dividend:	Nil
Exercise price at the date of grant:	$0.10

12. EQUITY (continued)

The Company completed an additional private placement offering, which closed on September 3, 2026, for aggregate gross proceeds of $1,498,854. The Company issued 14,988,540 units and each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.20, expiring on September 3, 2028. Of the total proceeds of $1,498,854, $Nil was allocated to the warrants using the residual method. The Company paid cash finders fees of $22,431.

(ii) The Company entered into a debt settlement agreement with an arm's length creditor to settle outstanding consulting fees payable of USD$25,000 (CAD$34,105). On March 16, 2026, the Company issued 534,980 units for a fair value of $34,105 and recorded no gain or loss on the settlement of debt. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.085 per share during the first year and $0.10 per share thereafter, expiring on March 16, 2031.

The Company entered into an additional debt settlement agreement with an arm's length creditor to settle outstanding consulting fees payable of $25,000. On September 15, 2026, the Company issued 250,000 units for a fair value of $25,000 and recorded no gain or loss on the settlement of debt. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.20, expiring on September 15, 2028.

Warrants
The warrant activity is as follows:

	Number of Warrants #	Weighted Average Exercise Price $
Balance, December 31, 2024	1,754,901	0.57
Expired	(1,234,901)	0.09
Balance, December 31, 2025	520,000	0.25
Issued	28,486,392	0.12
Balance, September 30, 2026	29,006,392	0.12

The following table summarizes warrants outstanding and exercisable as at September 30, 2026**:**

Balance Outstanding at September 30, 2026	Balance Exercisable at September 30, 2026	Weighted Average Life (Years)	Expiry Date	Exercise Price $
520,000	520,000	1.67	5/31/2028	0.25
7,494,270	7,494,270	1.93	9/3/2028	0.20
125,000	125,000	1.96	9/15/2028	0.20
4,000,000	4,000,000	2.46	3/16/2029	0.10
8,807,635	8,807,635	4.46	3/16/2031	0.085 (i)
7,965,370	7,965,370	4.48	3/23/2031	0.085 (i)
94,117	94,117	4.48	3/23/2031	0.10
29,006,392	29,006,392	3.47		

(i) The following warrants have an exercise price of $0.085 during the first year following the date of issuance and $0.10 thereafter, until the expiry of the warrants.

12. EQUITY (continued)

Stock Options

On June 28, 2019, the Company adopted an incentive stock option plan which provides that the Board of Directors of the Company may grant to certain employees. The option price shall be determined by the Board of Directors and shall not be less than the fair market value of the share.

The Company maintains a stock option plan (the "Plan") whereby certain officers, directors and consultants may be granted stock options for common shares of the Company. Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Stock-based compensation is recognized over the vesting period. The Board may from time to time, in its discretion, grant to officers, directors and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five years from the date of grant. The plan also contains certain specifications when a trigger event occurs that would accelerate vesting.

On May 25, 2025, shareholders approved a new omnibus equity incentive plan (the "OEI Plan"), which replaced the 2019 Plan. No further grants will be made under the 2019 Plan; however, any outstanding awards granted under the 2019 Plan will continue in accordance with their original terms.

Under the OEI Plan, the Corporation may grant stock options, restricted share units ("RSUs"), performance share units ("PSUs"), and deferred share units ("DSUs") to directors, officers, employees and consultants. The maximum number of common shares reserved for issuance under the OEI Plan is equal to 10% of the Corporation's issued and outstanding common shares at any point in time. As such, the OEI Plan is considered a "rolling" plan, whereby the number of shares available for issuance automatically increases or decreases in accordance with changes in the number of issued and outstanding common shares.

Stock options granted under the OEI Plan are issued at an exercise price not less than the discounted fair market value of the common shares on the date of grant and vest over terms determined by the Board of Directors. RSUs, PSUs and DSUs are granted in accordance with the terms of the OEI Plan and are settled in common shares or cash, as applicable. Share-based compensation is recognized over the applicable vesting period based on the fair value of the awards at the grant date.

On March 3, 2025, the Company granted stock options to purchase an aggregate of 1,991,424 common shares to directors, officers, consultants and employees. The Options are exercisable into common shares of the Company at a price of $0.185 per share for a period of 5 years from date of grant. A total of 1,085,000 options will vest on April 21, 2025, and 906,424 options will vest on March 3, 2026. The fair value of the options was $285,576. The fair value was calculated using Black & Scholes option pricing model and the following weighted average assumptions:

Share price at the date of the grant:	$0.185
Expected life:	5 years
Risk-free interest rate:	2.52%
Expected volatility[(1)]:	105%
Dividend:	Nil
Exercise price at the date of grant:	$0.185

12. EQUITY (continued)

	Number of Options #	Weighted Average Exercise Price $
Balance, December 31, 2024	4,561,696	0.57
Additions	1,991,424	0.185
Exercised	(100)	(0.185)
Balance, December 31, 2025	6,553,020	0.13
Expired	(707,513)	(0.13)
Balance, September 30, 2026	5,845,507	0.13

The following table summarizes options outstanding and exercisable as at September 30, 2026:

Options Issued and Outstanding #	Exercisable Options #	Expiry Date	Exercise Price $	Weighted Average Life (Years)
424,290	424,290	August 27, 2029	0.19	2.91
106,073 (i)	106,073	May 20, 2031	0.121	4.64
235,295 (i)	235,295	December 23, 2031	0.121	5.23
3,288,525 (i)	3,288,525	March 18, 2032	0.121	5.47
355,000 (i)	355,000	March 5, 2033	0.121	6.43
30,000 (i)	30,000	September 27, 2033	0.121	7.00
1,406,324 (i)	1,406,324	March 30, 2035	0.121	8.50
5,845,507	5,845,507		0.13	6.05

(i) On July 9, 2026, the Company received approval by the TSX Venture Exchange for the repricing of certain outstanding stock options, reducing the exercise price from a range of $0.185 to $0.64 per share to $0.121 per share, and extended the expiry dates of the stock options to 10 years from their respective original grant dates. Pursuant to the repricing and extension of expiry dates, the Company recorded share-based compensation in the amount of $485,893.

During the periods ended September 30, 2026 and 2025, the Company recorded a share-based compensation expense of respectively $507,972 and $232,914.

13. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30, 2026 $	September 30, 2025 $	September 30, 2026 $	September 30, 2025 $
Salaries, benefits and remuneration	341,610	341,459	743,939	1,081,110
Advertising, promotion, and investor relations	40,961	25,798	62,870	109,389
Directors' and officers' insurance	23,750	23,750	71,250	71,250
Professional fees	46,537	65,956	226,777	237,954
Legal fees	64,131	65,017	116,590	153,804
Regulatory cost	21,099	36,674	73,298	98,259
Software	44,119	26,528	112,208	94,639
Custodian fees	-	-	8,840	12,808
Other expense recovery	-	-	-	(93,719)
Other expenses	5,019	9,611	12,101	41,360
	587,226	594,793	1,427,873	1,806,854

14. RELATED PARTY TRANSACTIONS

Key management comprises the directors and officers of the Company. Compensation paid or accrued to key management or companies controlled by key management personnel during the nine months ended September 30, 2026 and 2025 are as follows:

	September 30, 2026	September 30, 2025
	$	$
Salaries, benefits and remuneration (Note 13)	637,324	617,524
Stock based compensation (Note 12)	351,392	119,070
Total	988,716	736,594

As at September 30, 2026, a balance of $237,146 ($170,928 as at December 31, 2025) was due to related parties and included in accounts payable and accrued liabilities.

During the period ended September 30, 2026, the Company issued Debenture Units for gross proceeds of $340,000 to the Chief Executive Officer of the Company. Each Debenture Unit consists of a $1,000 principal amount unsecured convertible debenture (the “Debentures”) and detachable warrants. The Debentures bear interest at 15% per annum, payable quarterly in cash or, at the option of the holder and subject to regulatory approval, in common shares. The Debentures mature in March 2029 and are convertible into Common Shares at $0.085 per share during the first year and $0.10 per share thereafter. During the period ended September 30, 2026, the Company paid $25,500 of interest.

During the year ended December 31, 2025, the Company granted 1,071,424 options to directors and officers and were subject to a four month hold period in accordance with TSXV policies.

15. 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 managed by the Company consists of shareholders’ equity of $5,728,820 and convertible debentures with a carrying amount of $271,813. 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 remains unchanged from the year ended December 31, 2025.

16. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Fair value
The carrying amounts of cash and accounts payable and accrued liabilities that meet the definition of financial instruments approximate their fair values because of their short-term maturities. The convertible debenture is measured at amortized cost. Its fair value at September 30, 2026 was classified within Level 3 of the fair-value hierarchy.

Digital assets are measured at fair value using the quoted price on Coinbase Prime (Level 1).

16. FINANCIAL INSTRUMENTS (continued)

Credit Risk
The Company's principal exposure to credit risk arises from cash held with financial institutions. Cash is maintained with institutions that management considers creditworthy. Sales taxes receivable are statutory receivables and are not financial assets within the scope of IFRS 9.

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 ability to earn interest income on cash balances. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

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 and digital assets.

The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansionary plans.

As at September 30, 2026, the contractual maturities of financial liabilities, and other amounts payable including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	884,294	884,294	884,294	-	-	-
Convertible debenture	271,813	467,500	51,000	51,000	365,500	-
	1,156,107	**1,351,794**	**935,294**	**51,000**	**365,500**	**-**

As at December 31, 2025, the contractual maturities of financial liabilities, and other amounts payable including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	751,146	751,146	751,146	-	-	-
Line of credit	20,408	20,408	20,408	-	-	-
Borrowings	3,041,001	3,041,001	3,041,001	-	-	-
Borrowings - interest	-	180,917	180,917	-	-	-
	3,812,555	**3,993,472**	**3,993,472**	**-**	**-**	**-**

16. FINANCIAL INSTRUMENTS (continued)

Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Company. The Company's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. Management currently does not hedge its foreign exchange risk.

The table below indicates the foreign currencies to which the Company has significant exposure in Canadian dollar terms:

	September 30, 2026 $	December 31, 2025 $
Cash - $US	462,076	3,308
Cash - $CHF	(2,933)	(2,760)
Restricted cash - $CHF	-	-
Digital assets - $US	223,352	829,827
Accounts payable and accrued liabilities - $US	28,877	36,142
Long term loan - $CHF	-	3,041,001
Line of credit - $US	-	20,408

Based on the net U.S. dollar exposure as at September 30, 2026 a 10% increase in the Canadian/U.S. dollar exchange rate would have had a favorable impact of $65,655 on net income ($77,658 for the year ended December 31, 2025). A 10% decrease in the Canadian/U.S. dollar exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Based on the net CHF exposure as at September 30, 2026, a 10% increase in the Canadian/CHF exchange rate would have had an unfavorable impact of $293 on net income (favorable impact of $303,824 for the year ended December 31, 2025). A 10% decrease in the Canadian/CHF exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Digital assets and risk management
Digital assets are measured using Level 1 Fair values, determined by taking the rate from Coinbase Prime.

Digital asset 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 assets; in addition, the Company may not be able to liquidate its digital asset holdings at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company’s future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. As at September 30, 2026, the Company’s digital-asset holdings consisted solely of Bitcoin and Ether.

At September 30, 2026, if the market price of the Company’s holdings of digital assets increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would amount to $22,335 ($82,983 at December 31, 2025).

17. SUBSEQUENT EVENTS

On October 21, 2026, the Company entered into a master services agreement and a first service order to provide AI co-location at Center One. An estimate of the financial effect of this agreement cannot be made at this time.

Subsequent to September 30, 2026, the Company sold approximately 150 older-generation mining machines.

In November 2026, the Company entered into a 60-month equipment lease for backup generation equipment at Center One, with an amount financed of approximately $208,000.