

**Alternative Reporting Standard:
Disclosure Guidelines for the Pink[®] Market**

ELRAY RESOURCES, INC.

3651 Lindell Road, Suite D131, Las Vegas, NV 89103

+1 702-318-7548

<http://elraygaming.com>

info@elraygaming.com

Annual Report

For the period ending December 31, 2025 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

4,317,112,176 as of December 31, 2025 (current report)

4,307,112,176 as of December 31, 2024 (most recent fiscal year end)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: No:

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Elray Resources Inc. December 13, 2006

Current State and Date of Incorporation or Registration: Nevada, December 13, 2006

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

3651 Lindell Road, Suite D131, Las Vegas NV 89103

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Empire Stock Transfer Inc.

Phone: 702-818-5898

Email: info@empirestock.com

Address: 1859 Whitney Mesa Dr.,
Henderson NV 89014

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>ELRA</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>29015T702</u>
Par or stated value:	<u>\$0.001</u>

Total shares authorized: 7,500,000,000 as of date: December 31, 2025
Total shares outstanding: 4,317,112,176 as of date: December 31, 2025
Total number of shareholders of record: 127 as of date: December 31, 2025

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

NONE

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: Series A Preferred Stock
Par or stated value: \$0.001
Total shares authorized: 300,000,000 as of date: December 31, 2025
Total shares outstanding: 90,000,000 as of date: December 31, 2025
Total number of shareholders of record: 1 as of date: December 31, 2025

Exact title and class of the security: Series B Preferred Stock
Par or stated value: \$0.001
Total shares authorized: 280,000,000 as of date: December 31, 2025
Total shares outstanding: 192,000,000 as of date: December 31, 2025
Total number of shareholders of record: 1 as of date: December 31, 2025

Exact title and class of the security: Series C Preferred Stock
Par or stated value: \$0.001
Total shares authorized: 10,000,000 as of date: December 31, 2025
Total shares outstanding: 7,083,333 as of date: December 31, 2025
Total number of shareholders of record: 2 as of date: December 31, 2025

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

None

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

Dividend rights

Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

Voting rights

Each outstanding share of Common Stock shall entitle the holder thereof to 1 (one) vote, in person or by proxy granted in accordance with Nevada law, with respect to each matter properly submitted to the shareholders of the Company for their vote, consent, waiver, release or other action

Preemption rights

In the event that the Company proposes to issue any equity (including shares of Common Stock or shares of Company Preferred Stock), or any securities, options or debt that are convertible or exchangeable into equity or that include an equity component (the "New Securities"), the holders of outstanding shares of the common stock shall have the right to purchase for cash, at the price and on the same terms, such number of New Securities as are required to enable it to maintain its proportionate Common Stock-equivalent interest in the Company immediately prior to any such issuance of New Securities.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Dividend rights

The holders of the then outstanding shares of preferred stock will be entitled to receive, when, as and if declared by the Board of Directors cash dividends, as determined by the dividend calculated on each common share multiplied by the conversion ratio of the preferred stock.

Voting rights

The holders of outstanding shares of the preferred stock: (i) shall be entitled to vote together with the holders of the common stock as a single class on all matters submitted for a vote of holders of common stock; (ii) shall have such other voting rights as are specified in the Articles of Incorporation or as otherwise provided by Nevada law; and (iii) shall be entitled to receive notice of any stockholders' meeting in accordance with the Articles of Incorporation and By-laws of the Company.

Each share of preferred stock shall entitle the holder thereof to cast (i) 100 (one hundred) votes for Series A Preferred Stock, (ii) 1,000 (one thousand) votes for Series B Preferred Stock, and (iii) 1 (one) vote for Series C Preferred Stock for each whole vote that such holder would be entitled to cast had such holder converted its preferred stock into shares of common stock as of the date immediately prior to the record date for determining the stockholders of the Company eligible to vote on any such matter.

Conversion rights:

The holders of the shares of preferred stock shall be entitled, at their option, at any time to convert all or any such shares of Preferred stock into a number of fully paid and non-assessable shares of common stock.

Each share of preferred stock shall automatically convert, immediately upon the earlier of (i) the written consent of holders of more than 50% of issued and outstanding preferred stock, and (ii) the Company Election (each, an "Automatic Conversion Date") into fully paid and non-assessable shares of common stock.

The conversion ratio shall be (i) 100 (one hundred) for Series A Preferred Stock, (ii) 1 (one) for Series B Preferred Stock, and (iii) 100 (one hundred) for Series C Preferred Stock, which shall be appropriately increased or decreased in proportion to increase or decrease in outstanding shares of common stock caused by stock subdivisions/splits or combinations.

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>01/01/2024</u> Common: <u>4,207,112,176</u> Preferred: <u>199,083,333</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
March 1, 2024	New Issuance	90,000,000	Common Stock	0.0005	Yes	Brian Herman	For Consulting Services	Restricted	Rule 144
March 1, 2024	New Issuance	10,000,000	Common Stock	0.0005	Yes	James St. Clair	For Consulting Services	Restricted	Rule 144
November 18, 2025	New Issuance	10,000,000	Common Stock	0.0005	Yes	Thomas E. McChesney	For Cash	Unrestricted	Regulation A Exemption
September 2, 2024	New Issuance	90,000,000	Series A Preferred Stock	0.001	No	Luxor Capital LLC Anthony Brian Goodman	For acquisition of assets	Restricted	Regulation S Exemption
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date <u>12/31/2025</u> Common: <u>4,317,112,176</u> Preferred: <u>289,083,333</u>									

Use the space below to provide any additional details, including footnotes to the table above:

None

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
<u>05/06/2013</u>	<u>\$10,670</u>	<u>\$50,000</u>	<u>\$13,380</u>	<u>12/03/2013</u>	Conversion Price: 50% multiplied by the market price	JSJ Investments, Inc. Sameer Hirji	Loan
<u>08/21/2014</u>	<u>\$45,560</u>	<u>\$50,000</u>	<u>\$102,968</u>	<u>02/21/2015</u>	Conversion Price: 40% multiplied by the market price	JSJ Investments, Inc. Sameer Hirji	Loan
<u>01/20/2015</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$52,527</u>	<u>07/20/2015</u>	Conversion Price: 40% multiplied by the market price	JSJ Investments, Inc. Sameer Hirji	Loan
<u>01/20/2015</u>	<u>\$32,623</u>	<u>\$60,000</u>	<u>\$42,327</u>	<u>01/20/2010</u>	Conversion Price: 50% multiplied by the market price	JSJ Investments, Inc. Sameer Hirji	Loan
<u>09/02/2014</u>	<u>\$10,966</u>	<u>\$30,000</u>	<u>\$23,266</u>	<u>03/02/2015</u>	Conversion Price: 50% multiplied by the market price	Beaufort Capital Partners LLC Robert Marino	Loan
<u>10/13/2014</u>	<u>\$15,393</u>	<u>\$55,000</u>	<u>\$39,179</u>	<u>10/13/2015</u>	Conversion Price: 45% multiplied by the market price	Tangiers Investment Group, LLC Michael Sobeck	Loan
<u>10/13/2014</u>	<u>\$33,000</u>	<u>\$33,000</u>	<u>\$70,268</u>	<u>10/13/2015</u>	Conversion Price: 45% multiplied by the market price	Tangiers Investment Group, LLC Michael Sobeck	Loan
<u>02/23/2015</u>	<u>\$4,654</u>	<u>\$20,000</u>	<u>\$5,731</u>	<u>01/23/2017</u>	Conversion Price: 40% multiplied by the market price	Microcap Equity Group, LLC Ibrahim Almagarby	Loan
<u>04/15/2014</u>	<u>\$5,800</u>	<u>\$25,000</u>	<u>\$9,387</u>	<u>04/14/2016</u>	Conversion Price: 60% multiplied by the market price	Vista Capital Investments, LLC David Clark	Loan

Use the space below to provide any additional details, including footnotes to the table above:

None

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Elray Resources was formed in 2004 when a group of Successful Online Software marketing specialists identified an opportunity: the market need for professional and qualified consultants to effectively manage, market and operate online e-commerce businesses.

B. List any subsidiaries, parent company, or affiliated companies.

None

C. Describe the issuers' principal products or services.

Elray Resources was formed in 2004 when a group of Successful Online Software marketing specialists identified an opportunity: the market need for professional and qualified consultants to effectively manage, market and operate online e-commerce businesses. Elray Resources provides a complete turnkey solution for numerous successful online e-commerce companies as well as performs strategic marketing and consulting services for companies from all parts of the world.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Issuer uses shared office space at a nominal monthly cost located at 3651 Lindell Road, Suite D131, Las Vegas NV 89103

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Anthony Brian Goodman</u>	<u>Director, CEO, CFO, President and Secretary</u>	<u>Dover Heights, Australia</u>	<u>234,418,992</u>	<u>Common</u>	<u>5.44%</u>	
<u>Weiting Feng</u>	<u>Treasurer and Director</u>	<u>Bondi Junction, Australia</u>	<u>5</u>	<u>Common</u>	<u>0%</u>	
<u>Luxor Capital LLC</u>	<u>5% or great holder</u>	<u>Las Vegas, Nevada</u>	<u>90,000,000</u> <u>192,000,000</u>	<u>Preferred A</u> <u>Preferred B</u>	<u>100%</u> <u>100%</u>	<u>Anthony Brian Goodman</u>
<u>Virtual Technology Group Inc.</u>	<u>5% or great holder</u>	<u>Jackson's Gap, AL</u>	<u>5,000,000</u> <u>290</u>	<u>Preferred C</u> <u>Common</u>	<u>70.59%</u> <u>0%</u>	<u>Andrew McGreer</u>
<u>Yangjiu Xie</u>	<u>5% or great holder</u>	<u>No. 51-19 Hanxibei Road</u>	<u>2,083,333</u>	<u>Preferred C</u>	<u>29.41%</u>	

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: The Loev Law Firm, PC/David M. Loev
Address 1: 6300 West Loop South, Suite 280
Address 2: Bellaire, Texas 77401
Phone: 713-524-4110
Email: dloev@loevlaw.com

Accountant or Auditor

Name: Fruci & Associates II, PLLC/Kory Kolterman
Address 1: 802 N. Washington St.
Address 2: Spokane, WA 99201
Phone: 509-624-9223
Email: kory_kolterman@fruci.com

Investor Relations

Name: James H. Caplan
Firm: N/A
Address 1: 2005 Key West Cove
Address 2: Austin, TX 78746
Phone: 512-329-9505
Email: jimmycaplan@me.com

All other means of Investor Communication:

X (Twitter): ELRA_Official
Discord: N/A
LinkedIn: elray-gaming
Facebook: elraygamingofficial
[Other] None

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Jacqueline Danforth
Firm: The Ideal Connection
Nature of Services: Compliance consulting
Address 1: 30 North Gould, Suite 5953
Address 2: Sheridan WY 82801
Phone: 646-831-6244
Email: jd@theidealconnection.com

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Anthony B. Goodman**
Title: **CEO and CFO**
Relationship to Issuer: **Officer and director**

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Anthony B. Goodman**
Title: **CEO and CFO**
Relationship to Issuer: **Officer and director**

Describe the qualifications of the person or persons who prepared the financial statements:⁵ Mr. Goodman serves as Chief Executive Officer, senior officer or managing director of several corporate entities, both public and private, and has filled similar roles for over 30 years. In these roles as senior officer, Mr. Goodman has also been required to prepare and review financial statements and has developed sufficient financial literacy to fulfill this role. While Mr. Goodman does not have a specific degree in financial accounting his work efforts are supported by accounting personnel.

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

10) Issuer Certification

Principal Executive and Financial Officer:

I, Anthony Brian Goodman certify that:

1. I have reviewed this Disclosure Statement for Elray Resources Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 16, 2026

/s/Anthony B. Goodman

ELRAY RESOURCES, INC.
Condensed Balance Sheets
(Unaudited)

	December 31,	December 31,
	2025	2024
ASSETS		
Current assets:		
Cash	553,172	477,368
Account receivable	48,519	-
Account receivable-related party	106,841	106,841
Prepaid Expenses	6,875	13,436
Prepaid Expenses-Related Party	130,000	-
Loan Receivable	371,574	254,966
Total current assets	1,216,981	852,611
Non-Current assets:		
Intangible asset	1,316,747	1,316,100
Equity method investments	-	2,833,700
Investments at fair value	-	4,371,273
Total non-current assets	1,316,747	8,521,073
Total assets	2,533,728	9,373,684
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	2,363,292	6,941,050
Accounts payable and accrued liabilities—related parties	55,773	3,112,602
Advances from shareholders	59,391	59,391
Other payable-related party	-	39,824
Short-term debt	8,989,783	1,727,266
Notes payable	45,429	45,429
Notes Payable in Default	250,000	250,000
Convertible notes payable, net of discounts	198,666	2,639,602
Convertible notes payable, net of discounts - Related Party	-	500,000
Derivative liabilities - note conversion feature	437,905	2,609,233
Derivative liabilities - note conversion feature Related Party	-	227,677
Total liabilities	12,400,239	18,152,075
Shareholders' deficit:		

Series A preferred stock, par value \$0.001, 300,000,000 shares authorized, 90,000,000 and 90,000,000 shares issued and outstanding, respectively	90,000	90,000
Series B preferred stock, par value \$0.001, 280,000,000 shares authorized, 192,000,000 and 192,000,000 shares issued and outstanding, respectively	192,000	192,000
Series C preferred stock, par value \$0.001, 10,000,000 shares authorized, 7,083,333 and 7,083,333 shares issued and outstanding, respectively	7,083	7,083
Common stock, par value \$0.001, 7,500,000,000 shares authorized, 4,307,112,176 and 4,307,112,176 shares issued and outstanding, respectively	4,317,112	4,307,112
Additional paid-in capital	21,539,832	19,342,799
Subscription receivable	(75,672)	(75,672)
Stock issuable	5,022	5,022
Accumulated deficit	(35,941,888)	(32,646,735)
Total shareholders' deficit	<u>(9,866,511)</u>	<u>(8,778,391)</u>
Total liabilities and shareholders' deficit	<u>2,533,728</u>	<u>9,373,684</u>

ELRAY RESOURCES, INC.
Condensed Statements of Operations
(unaudited)

For the Years
Ended December 31,

2025 **2024**

	2025	2024
Revenues	289,402	417,368
Cost of goods sold - Related Party	40,767	35,911
Cost of goods sold	210,863	262,322
Gross Profit	37,772	119,135
Costs and expenses		
General and administrative expenses	249,834	66,609
General and administrative expenses - Related Party	150,000	90,000
Amortization expense	538,464	164,512
Total operating expenses	938,298	321,121
Loss from operations	(900,526)	(201,986)
Other income (expense):		
Interest income	106,648	78,097
Unrealized loss on changes in fair value of investments	(2,647,977)	(973,168)
Gain on disposal of assets	-	4,723,381
Loss on disposal of investment	(13,140)	-
Dividends income	23,912	-
Gain on Extinguishment of Liabilities	209,969	-
Interest expense	(182,712)	(627,016)
Interest expense - Related Party	(27,441)	(13,260)
Unrealized gain (loss) on derivative liability - note conversion feature	118,406	(25,161)
Unrealized gain (loss) on derivative liability - note conversion feature - Related Party	17,708	(227,677)
Total other income (expense)	(2,394,627)	2,935,196
Net income (loss)	(3,295,153)	2,733,210
Net income (loss) per common share - basic	(0)	0
Net income (loss) per common share - diluted	(0)	0
Weighted average number of common shares outstanding - basic	4,308,317,655	4,292,358,078
Weighted average number of common shares outstanding - diluted	4,308,317,655	7,500,000,000

ELRAY RESOURCES, INC.
Condensed Statements of Shareholders' Deficit
Years Ended December 31, 2024 and 2025

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Subscription Receivable	Stock Issuable	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Shares	Shares	Amount	Shares	Amount	Shares	Amount					
Balance as of December 31, 2023	-	-	192,000,000	192,000	7,083,333	7,083	4,217,112,176	4,217,112	15,292,427	(75,672)	5,022	(35,379,945)	(15,741,973)
Adjustment of Shares issued	-	-	-	-	-	-	(10,000,000)	(10,000)	5,000	-	-	-	(5,000)
Issuance of restricted shares for service	-	-	-	-	-	-	100,000,000	100,000	(50,000)	-	-	-	50,000
Net loss	-	-	-	-	-	-	-	-	-	-	-	(144,041)	(144,041)
Balance as of March 31, 2024	-	-	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	15,247,427	(75,672)	5,022	(35,523,986)	(15,841,014)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(62,295)	(62,295)
Balance as of June 30, 2024	-	-	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	15,247,427	(75,672)	5,022	(35,586,281)	(15,903,309)
Issuance of shares for acquisition of asset	90,000,000	90,000	-	-	-	-	-	-	3,510,000	-	-	-	3,600,000
Issuance of options for acquisition of asset	-	-	-	-	-	-	-	-	585,372	-	-	-	585,372
Net loss	-	-	-	-	-	-	-	-	-	-	-	(463,280)	(463,280)
Balance as of September 30, 2024	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	19,342,799	(75,672)	5,022	(36,049,561)	(12,181,217)
Net income	-	-	-	-	-	-	-	-	-	-	-	3,402,826	3,402,826
Balance as of December 31, 2024	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	19,342,799	(75,672)	5,022	(32,646,735)	(8,778,391)

Balance as of December 31, 2024	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	19,342,799	(75,672)	5,022	(32,646,735)	(8,778,391)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(2,575,243)	(2,575,243)
Balance as of March 31, 2025	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	19,342,799	(75,672)	5,022	(35,221,978)	(11,353,634)
Settlement of derivative liabilities	-	-	-	-	-	-	-	-	2,092,680	-	-	-	2,092,680
Net loss	-	-	-	-	-	-	-	-	-	-	-	(2,745,532)	(2,745,532)
Balance as of June 30, 2025	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	21,435,479	(75,672)	5,022	(37,967,510)	(12,006,486)
Net income	-	-	-	-	-	-	-	-	-	-	-	2,139,616	2,139,616
Balance as of September 30, 2025	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,307,112,176	4,307,112	21,435,479	(75,672)	5,022	(35,827,894)	(9,866,870)
Issuance of unrestricted shares for cash	-	-	-	-	-	-	10,000,000	10,000	(5,000)	-	-	-	5,000
Issuance of warrants for acquisition of asset - related party	-	-	-	-	-	-	-	-	149,111	-	-	-	149,111
Settlement of derivative liabilities	-	-	-	-	-	-	-	-	(39,758)	-	-	-	(39,758)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(113,994)	(113,994)
Balance as of December 31, 2025	90,000,000	90,000	192,000,000	192,000	7,083,333	7,083	4,317,112,176	4,317,112	21,539,832	(75,672)	5,022	(35,941,888)	(9,866,511)

Elray Resources. INC
Condensed Cash Flow Statements
(Unaudited)

For the Years
Ended December 31,

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	(3,295,153)	2,733,210
Adjustments to reconcile net loss to net cash		
Unrealized loss on changes in fair value of investments	2,647,977	973,168
Gain on Disposal of Assets	-	(4,723,381)
Loss on disposal of investment	13,140	-
Gain on Extinguishment of Liabilities - related party	(209,969)	-
Amortization of intangible asset	538,464	164,512
(Gain) Loss on derivative liabilities - note conversion feature	(118,406)	25,161
(Gain) Loss on derivative liabilities - note conversion feature - Related Party	(17,708)	227,677
Interest receivable	(106,491)	(78,051)
Changes in operating assets and liabilities:		
Accounts receivable	(48,519)	-
Prepaid expenses	6,561	(105)
Accounts payable	248,823	751,997
Accounts payable - Related Party	(3,056,830)	32,179
Other payable - related party	(39,824)	-
Advances from customers	-	(125,000)
CASH USED FOR OPERATING ACTIVITIES	(3,437,935)	(18,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment	4,543,856	-
Cash paid for purchase of intangible assets - related party	(520,000)	-
Investment in loan receivable	(10,117)	(85,543)
CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	4,013,739	(85,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of convertible notes payable - Related Party	(500,000)	-
CASH USD FOR FINANCING ACTIVITIES	(500,000)	-
NET INCREASE (DECREASE) IN CASH	75,804	(104,176)
CASH AT BEGINNING OF PERIOD	477,368	581,544
CASH AT END OF PERIOD	553,172	477,368
Supplemental disclosure of non-cash activities		
Warrants Issued for acquisition of assets - related party	149,111	-
Preferred stock issued for acquisition of assets - related party	-	3,600,000

Options issued for acquisition of assets - related party	-	585,372
Convertible notes issued for acquisition of assets - related party	-	500,000

ELRAY RESOURCES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Elray Resources, Inc. ("Elray" or the "Company"), a Nevada Company formed on December 13, 2006, has been providing marketing and support for online gaming operations. The Company maintains its administrative office in Australia and its gaming operations is currently targeting the Asian market.

The accompanying unaudited condensed consolidated financial statements of Elray have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with an original maturity of six months or less to be cash equivalents.

Derivative Instruments

Derivatives are measured at their fair value on the balance sheet. In determining the appropriate fair value, the Company uses the Black-Scholes-Merton option pricing model. Changes in fair value are recorded in the statements of operations.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, accounts receivable – related parties, investments at fair value, accounts payable and accrued liabilities, notes payable, short-term debt payable, convertible notes payable, advances from shareholders, and derivative liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term nature except for investments at fair value and derivative liabilities. The investments at fair value and derivative liabilities are stated at their fair value as a level 3 measurement.

Equity Method Investments

The Company utilizes the equity method to account for investments when possessing the ability to exercise significant influence, but not control, over the operating and financial policies of the investee. The ability to exercise significant influence is presumed when the investor possesses more than 20% of the voting interests of the investee. The equity method applies to investments in common stock and to other investments when such other investments possess substantially identical subordinate interests to common stock.

In applying the equity method, the Company records the investment in equity method investments on the balance sheet at cost and

subsequently increases or decreases the carrying amount of the investment by its proportionate share of the net earnings or losses and other comprehensive income of the investee. Any increase or decrease recorded is included in net investment income on the statements of operations. Dividends or other equity distributions are recorded as reductions in the carrying value of the investment. Should net losses of the investee reduce the carrying amount of the investment to zero. The basis difference, calculated as the difference between the cost of investment and the amount of underlying equity in net assets acquired in the investee, is amortized over the life of the related assets and included in the Company's share of the net earnings or losses of the investee.

The Company monitors on an ongoing basis its equity method investments for indicators of other-than-temporary declines in fair value below carrying value.

Investments at fair value

The Company measures its investment in equity at fair value in the balance sheet, and records the unrealized gain or loss on changes in fair value in the statement of operations.

Revenues

Prior to January 1, 2018, revenues were recognized when the four basic criteria for recognition were met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) consideration is fixed or determinable; and (4) collectability is reasonably assured. The Company adopted new accounting guidance for revenue recognition effective January 1, 2018 which did not have a material impact on the Company's financial statements.

Beginning January 1, 2018, the Company analyzes contracts to determine the appropriate revenue recognition using the following steps: (i) identification of contracts with customers; (ii) identification of distinct performance obligations in the contract; (iii) determination of contract transaction price; (iv) allocation of contract transaction price to the performance obligations; and (v) determination of revenue recognition based on timing of satisfaction of the performance obligation. The Company recognizes revenues upon the satisfaction of its performance obligations (upon transfer of control of promised goods or services to customers) in an amount that reflects the consideration to which it expects to be entitled to in exchange for those goods or services.

The Company currently derives its revenues mainly from: (a) granting non-exclusive, non-licensable, non-sublicensable, non-assignable and non-transferable licenses of gaming contents solely for online blockchain casinos ("Games Licensing") and, (b) provision of turnkey online solution and related marketing and consulting services ("Services") to its customers.

For Games Licensing, the Company acts as the distributor of the third-party online gaming contents utilized by its customers. The customers pay consideration in exchange for the gaming contents utilized. The revenue should be recognized when the usage of the gaming contents occurs based on the actual usage of the gaming contents.

For Services, the Company acts as the provider of turnkey online solutions and related marketing and consulting services utilized by its customers. The customers pay consideration in exchange for the services utilized. The revenue should be recognized when the usage of the services occurs based on the actual usage of the services.

The revenues recognized for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Games Licensing	\$ 82,059	\$ 67,596
Services	207,343	349,772
Total	<u>\$ 289,402</u>	<u>\$ 417,368</u>

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. On December 22, 2017, new federal tax reform legislation was enacted in the United States (the "2017 Tax Act"), resulting in significant changes from

previous tax law. The 2017 Tax Act reduces the federal corporate income tax rate to a flat 21% effective January 1, 2018.

Tax benefits are initially recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions are initially, and subsequently, measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority, assuming full knowledge of the position and all relevant facts. No deferred tax asset attributable to the net operating loss carry forward has been recognized, as it is not deemed likely to be realized.

Loss Per Common Share

Basic net earnings (loss) per common share are computed by dividing net earnings (loss) available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The dilutive effect of outstanding stock options and warrants is reflected in diluted earnings per share by application of the treasury stock method. The dilutive effect of outstanding convertible securities and preferred stock is reflected in diluted earnings per share by application of the if-converted method.

For the year ended December 31, 2025, the potentially diluted loss per share excludes preferred stock convertible to 9,000,002,125 shares of the Company's common stock and 2,000,000,000 options.

Subsequent Events

Elray evaluated subsequent events through the date these financial statements were issued for disclosure purposes.

Recent Accounting Pronouncements

In February 2016, a pronouncement was issued that creates new accounting and reporting guidelines for leasing arrangements. The new guidance requires organizations that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases, regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early application permitted. The new standard is to be applied using a modified retrospective approach. The Company is currently evaluating the impact of the new pronouncement on its financial statements.

Elray's management does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying financial statements.

NOTE 2 – GOING CONCERN

The accompanying unaudited consolidated financial statements of Elray have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company recorded a net loss of \$3,295,153 for the year ended December 31, 2025, and carried an accumulated deficit of \$35,941,888 as of December 31, 2025. This factor raises substantial doubt regarding the Company's ability to continue as a going concern. Without realization of additional capital, it would be unlikely for Elray to continue as a going concern. Elray's management plans on raising cash from public or private debt, on an as needed basis, and in the longer term, revenues from the gambling business. Elray's ability to continue as a going concern is dependent on these additional cash financings, and, ultimately, upon achieving profitable operations through the development of its gambling business.

NOTE 3 – LOAN RECEIVABLE

On November 1, 2022, the Company entered into a license agreement with Maxi Technology N.V. ("Maxibet") and Min Kai Yen, the sole shareholder of Maxibet (collectively with Maxibet the "Licensee"), whereby the Company agreed to provide licenses of online gaming content and a short term interest bearing loan to the Licensee in order to assist the Licensee to deploy its Blockchain casino and

to obtain the necessary gaming licenses. The loan was capped at the amount of \$50,000, subsequently amended as \$100,000 and \$200,000 in the addendum dated May 1, 2023 and May 1, 2024, with a monthly interest rate of 6%. As of December 31, 2025, the balance of loan and accrued interest was respectively \$155,377 and \$216,197.

NOTE 4 – INTANGIBLE ASSET

On September 2, 2024, the Company entered into an asset purchase agreement (“Luxor Agreement”) with Luxor Capital LLC (“Luxor”), a company controlled by Anthony Brian Goodman (“Goodman”), the Company’s Chief Executive Officer, President, Chief Financial Officer, Secretary and Director, whereby the Company purchased two sets of fully operational iGaming Blockchain Systems (“EBS1” and “EBS2”, collectively “EBS”) from Luxor (“Asset Purchase”). In consideration for EBS, the Company issued to Luxor: (a) ninety million shares of Series A Preferred Stocks (“Luxor Preferred A”), (b) two billion options which are to vest 50% in 12 months and 50% in 24 months at \$0.0005 per share (“Luxor Options”), and (c) a promissory note in the amount of \$500,000, to be repayable after 6 months or alternatively converted wholly or partially at Luxor’s choice at 100% of the average of the last 90 days closing price of the Company’s common stock, with an interest rate of 8% (“Luxor Notes”). In addition, the Company should pay Luxor within 180 days of the signing of Luxor Agreement \$250,000 in cash (“Luxor Cash”, collectively with “Luxor Preferred A”, “Luxor Options” and “Luxor Notes”, the “Luxor Considerations”). At the closing of the Asset Purchase, the sum of fair value of Luxor Considerations was \$4,935,372. \$3,454,760 and \$1,480,612 out of the fair value of Luxor Considerations was allocated to EBS1 and EBS2 respectively, as EBS1 had additional functionality when compared to EBS2 and as such had a higher proportional value.

On September 29, 2024, the Company entered into an asset purchase agreement (“ETHZ Agreement”) with ETHZilla Corporation, a Delaware corporation (“ETHZ”), whereby ETHZ purchased all of Company’s right, title and interest in all of the EBS1, and all intellectual property associated therewith (“Purchased Assets”). In consideration for the Purchased Assets, ETHZ issued to the Company: (a) one million shares of Series B Convertible Preferred Stock of ETHZ (“Preferred B”), and (b) warrants to purchase three million shares of common stock (“Warrants”, collectively with Preferred B, the “ETHZ Consideration”). On December 27, 2024, (a) the issuance of more than 20% of the ETHZ’s issued and outstanding common stock upon the conversion of Preferred B, and (b) the issuance of more than 20% of the ETHZ’s issued and outstanding common stock upon the exercise the Warrants was approved by the votes in ETHZ’s annual meeting.

On December 27, 2024, the right, title and interest in all of the EBS1, and all intellectual property associated had been fully transferred to ETHZ from the Company. Accordingly, the Company derecognized EBS1.

On October 1, 2025, the Company entered into a Sale of Asset Agreement with Bondi Alpha Pty Ltd (“Bondi Alpha”), a company controlled by Brett Goodman, the son of the Company’s chief executive officer. Pursuant to this agreement, the Company agreed to purchase six online gaming assets (“Gaming Assets”), including three completed games and three additional to-be-developed games. In consideration for the Gaming Assets, the Company should pay Bondi Alpha a purchase price consisting of cash payment \$780,000, payable 50% upon execution of the agreement and the remaining 50% in three equal monthly instalments, and the issuance of five-year term warrants to purchase 1 billion shares of the Company’s common stock exercisable at 110% of the closing market price of the Company’s common stock on the date of issuance, of which 50% should be issuable upon delivery of the three completed Game Assets and the remaining should be issuable concurrently with the delivery and acceptance of each subsequent payment and/or game release.

As of December 31, 2025 and 2024, the balance of intangible assets was \$ 1,316,747 and \$4,894,244.

Amortization expenses of intangible assets were \$538,464 and \$164,512 for the years ended December 31, 2025 and 2024 respectively.

NOTE 5 – EQUITY METHOD INVESTMENTS

On September 29, 2024, the Company entered into the ETHZ Agreement with ETHZ. As a part of the consideration for the Purchased Assets, ETHZ issued to the Company one million shares of Preferred B. The Preferred B carried following rights and preferences:

- (i) **Voting Rights.** Before getting stockholders’ approval for the issuance of Preferred B and Warrants in the shareholders meeting (“Stockholder Approval”), Preferred B holders vote on amendments of Preferred B designations and actions affecting Preferred B rights. However, following Stockholder Approval, Preferred B holders gain voting rights equal to the number of common shares their Series B shares convert into, and the voting is conducted jointly with common stockholders as a single class. As the Stockholder Approval was granted on December 27, 2024 (“Stockholder Approval Date”), the Company, as the holder of

the Preferred B, obtained the right to vote 1,318,000 total voting shares on all stockholder matters, representing 29.3% of the ETHZ's outstanding voting shares as of December 31, 2025 (with 3,176,999 shares of common stock issued and outstanding, and 4,494,999 total voting shares when including the voting rights of Preferred B). As such, the Company possessed the ability to exercise significant influence, but not control, on ETHZ as of December 31 2024.

- (ii) **Dividend Rights.** Preferred B holders have no dividend rights except when ETHZ distributes cash or equivalent dividends on common stock. In such cases, they participate based on the maximum whole common shares their Preferred B could convert into. However, they are excluded from stock-only dividends.
- (iii) **Conversion Rights.** Before Stockholder Approval, Preferred B is not convertible. After approval, holders can convert each share into common stock based on an initial conversion rate of 0.685, representing 40% of outstanding common shares. If the Company issues additional common stock before approval, the conversion rate will adjust to account for the dilution, with a maximum conversion rate of 10. The adjusted rate applies only to conversions after the adjustment and is fixed upon Stockholder Approval. On December 27, 2024, as a result of the Stockholder Approval, the Preferred B were convertible into common stock at a fixed conversion ratio of 1.318 shares of common stock for each 1 share of Preferred, or an aggregate of 1,318,000 shares of common stock.
- (iv) **Liquidation Preference.** In a liquidation of ETHZ, Preferred B holders receive a cash distribution before common stock but after any required preferred stock distributions. Each share receives the greater of (1) the Stated Value (\$17.30 per share) or (2) the amount payable if converted into common stock. As of December 31, 2025, the Company expected that the Preferred B held by it should be fully converted into common stocks in the relatively short term. As a result, the Preferred B (a) had no significant fair value in liquidation preference, nor a substantive liquidation preference over common stocks, (b) had risks and rewards of ownership that are substantially similar to an investment in ETHZ's common stocks.

Given that Company possessed the ability to exercise significant influence on ETHZ, and Preferred B was in-substance common stock, the Company accounted for Preferred B an investment using the equity method.

On March 27, 2025, the Company executed the conversion of 1,000,000 shares of Preferred B to 1,318,000 shares of common stock of ETHZ ("Converted Shares") at the conversion rate of 1.318, representing 25.4% of the issued and outstanding common stocks of ETHZ as of March 31, 2025. The resulting Converted Shares were treated as the same investment with the Preferred B shares in ETHZ for accounting purposes.

On April 28, 2025, Elray and Luxor entered into a Settlement and Mutual Release Agreement ("ETHZ Settlement Agreement") with ETHZ. Pursuant to the ETHZ Settlement Agreement, in full and complete payment for the acquisition of the Converted Shares by ETHZ, and termination of negotiations with Luxor and any and all obligations owed by ETHZ to Elray or Luxor (other than the Warrants), and the discharge for ETHZ from all claims arising from or relating to, or associated with all prior negotiations and agreements between Elray and ETHZ or Luxor and ETHZ ("ETHZ Settlement"), ETHZ agreed to pay an aggregate of \$1 million to Elray and Luxor ("Settlement Amount"), with (a) \$350,000 payable within five Business Days of execution of this Agreement, which amount shall be paid to Elray ("Elray Amount"); and (b) 20% of all capital raised by ETHZ after the date ETHZ Settlement Agreement was executed being paid to Luxor, until Luxor has received \$650,000 in aggregate ("Luxor Amount"), with such payments payable within three business days of ETHZ's receipt of such funds.

In connection with the ETHZ Settlement Agreement, Elray agreed to deliver five stock powers authorizing cancellation of the Converted Shares, to be held in escrow and released proportionally at the option of ETHZ, as settlement payments are made, with all remaining shares cancelled once the full Settlement Amount is made. The stock powers are to be released in tranches, with the stock power relating to the initial 461,300 Converted Shares eligible to be released from escrow upon the payment of the Elray Amount, and the remaining four stock powers, each providing for the transfer of 214,175 shares, to be released upon the payment of Luxor Amount of each additional \$162,500.

Elray also entered a voting agreement on April 28, 2025, made by Elray, ETHZ, and Blair Jordan, ETHZ's Chief Executive Officer ("Voting Agreement"). Pursuant to the Voting Agreement, Elray agreed to vote any Converted Shares which it continued to hold, in such manner as may be necessary to approve all proposals sought to be approved at any meeting of the stockholders of ETHZ, which are approved by the Board of Directors of ETHZ, and recommended to be approved by at least a majority of the members of the Board

of Directors of ETHZ, which may occur prior to April 28, 2026 (“Voting Requirements”). By its entry into the Voting Agreement, Elray shall deliver to Blair Jordan (or his assigns) an irrevocable voting proxy to vote the Converted Shares pursuant to Voting Requirements set forth above at any meeting of stockholders or via any written consent of stockholders.

In view of ETHZ Settlement and Voting Agreement, Elray no longer had any significant continuing ownership interest, voting rights, or economic exposure to Converted Shares. As a result, Elray had fully derecognized its equity method investment in ETHZ as of April 28, 2025. A loss on disposal of equity method investment of approximately \$2.5 million had been recognized for the year ended December 31, 2025, representing the difference between the consideration receivable for the Converted Shares under the ETHZ Settlement Agreement and the carrying amount of the equity method investment in ETHZ as of the derecognition date. Accordingly, Elray had not recognized its share in ETHZ's results of three months ended March 31, 2025, which would have otherwise been recorded on a three-month reporting lag basis.

NOTE 6 – INVESTMENTS AT FAIR VALUE

The Warrants granted to the Company in connection with ETHZ Agreement had an exercise price of \$1.68 per share, and provided for cashless exercise rights. The Warrants became exercisable at any time at the option of the Company following the Stockholder Approval Date until December 31, 2031.

The Company made an accounting policy election to account for the Warrants in investment at fair value with changes in fair value recorded in earnings, and applied Black-Scholes option pricing model to estimate fair value. The changes in fair value of approximately \$2.6 million was recorded as unrealized loss on changes in fair value of investments For the years ended December 31, 2025.

On July 27, 2025, Elray submitted a Notice of Exercise of Warrant to ETHZ to exercise the Warrants (No. 180-LIFE-2024-1) for the purchase of 3 million shares of common stock of ETHZ at the price of \$1.68 per share. The Warrant was exercised on a cashless basis in accordance with the formula provided under the warrant agreement, resulting in the cancellation of a portion of the underlying shares in lieu of a cash payment. Accordingly, Elray received 1.3 million shares of common stock of ETHZ (“Exercised Shares”) as the result of the cashless exercise.

During the year ended December 31, 2025, the Company disposed of all its holdings of 1.3 million shares of Exercised Shares, for total cash proceeds of approximately \$4.2 million, realizing a gain on disposal of investments at fair value of approximately \$2.5 million. As of December 31, 2025, the Company held no investments measured at fair value.

NOTE 7 – SHORT-TERM DEBT

On December 20, 2013, the Company entered into a settlement agreement with Tarpon Bay Partners LLC (“Tarpon”) whereby Tarpon acquired certain notes and accounts payable against the Company in the amount of \$2,656,214. Pursuant to the agreement, the Company and Tarpon submitted the settlement agreement to the Circuit Court of the Second Judicial Circuit, Leon County, Florida for a hearing on the fairness of the agreement and the exemption from registration under the Securities Act of 1933 for the shares that will be issued to Tarpon for resale (“Settlement Shares”). 75% of the proceeds less all applicable fees and charges from the resale of the Settlement Shares will be remitted to the original claim holders of the Company (“Remittance Amount”). The Company agreed to issue sufficient shares to generate proceeds such that the aggregate Remittance Amount equals \$2,656,214. The settlement agreement was effective on January 27, 2014 when the court granted approval.

On May 17, 2018, the Company entered into a cancellation and release agreement with Tarpon. Pursuant to the agreement, the outstanding balance of the original notes and accounts payable of the Company shall continue to be an obligation of the Company. The Company reclassified \$1,689,905 of the outstanding settlement payable to short-term debt and \$472,254 of the outstanding settlement payable to accounts payable.

GSM Fund Management LLC

On January 30, 2015, the Company entered into an assignment and modification agreement to assign \$62,500 of the convertible promissory note of VTG dated January 23, 2014 to GSM Fund Management LLC (“GSM”). The note bears interest at 12% and matured on January 30, 2016. GSM has the right after a period of 180 days to convert the balance outstanding into the Company's common stock at a rate equal to 50% of the lowest closing bid price in the 15 trading days prior to the conversion date. The Company recorded a loss

on extinguishment of debt of \$52,364 related to the exchange. On April 9, 2018, the Company issued 150,221,707 shares of common stock for the conversion of this note in the amount of \$7,511.

On July 23, 2021, the Company, Pursuant to Chapter 104 - Uniform Commercial Code—Original Articles, NRS 104.3603 - Tender of payment. NV Rev Stat § 104.3603 (2013) and other applicable law, issued a Notice of Tender to GSM Fund Management LLC by a registered letter. The Company tendered full payment for the then outstanding balance of the Note, in the amount of \$37,297. Such tender of payment by the Company to GSM Fund Management LLC was in full discharge of the Company’s obligations under the Note. The registered letter was received by the counter party on August 3, 2021, but the Company did not receive any responses from GSM Fund Management LLC. As per the statute, the Company has decided to cease to incur penalty interest on the date the letter was received by GSM Fund Management LLC and will move from convertible liability to a short-term debt and be a fixed amount going forward. As of December 31, 2025, balance of the debt was \$37,361.

WHC Capital, LLC

On September 23, 2014, the Company entered into a convertible promissory note with WHC Capital, LLC (“WHC”) for \$75,000 (“WHC Note”). The note bears interest at 12% and matured on September 23, 2015. WHC has the right at any time during the period beginning on the date of this note to convert the balance outstanding into the Company’s common stock at a rate equal to 50% of the lowest intra-day trading price during the fifteen trading days prior to the conversion date. On September 23, 2015, the Company failed to repay the outstanding balance of this note and a penalty of \$41,978 was added to the outstanding balance pursuant to the note terms.

The Company had made multiple attempts to communicate with WHC regarding conversion or repayment of the WHC Note, however, WHC failed to respond. Public records indicated that WHC has been formally dissolved. In view of the lack of communication and the dissolution status of WHC, on April 1, 2025, the Company determined to cease the accrual of default interest on WHC Note and reclassified the WHC Note from convertible liability to a short-term debt at a fixed amount, with no further accrual of interest or other contingent charges going forward. As of December 31, 2025, balance of this short-term debt was \$370,998.

Gold Globe Investments Ltd

On January 23, 2014, the Company entered into a convertible promissory note with Gold Globe Investments Ltd (“GGIL”) for \$2,800,000 (“GGIL Note”). GGIL has the right after a period of 180 days to convert the balance outstanding into the Company’s common stock at a rate equal to 100% of the average of the lowest three trading prices during the seven trading days prior to the conversion date when the Company’s shares are traded in the OTCQB or during the ten trading days prior to the conversion date when the Company’s shares are traded on another exchange. On December 3, 2014, \$45,000 of GGIL Note was replaced with a note issued to Tangiers. The note is currently in default and has a default interest rate of 24% per annum.

The Company had made multiple attempts to communicate with GGIL regarding conversion or repayment of the GGIL Note, however, GGIL failed to respond. Public records indicated that GGIL has been formally dissolved. In view of the lack of communication and the dissolution status of GGIL, on April 1, 2025, the Company determined to cease the accrual of default interest on GGIL Note and reclassified the GGIL Note from convertible liability to a short-term debt at a fixed amount, with no further accrual of interest or other contingent charges going forward. As of December 31, 2025, balance of this short-term debt was \$6,891,519.

NOTE 8 – NOTES PAYABLE

Notes payable

Notes payable on December 31, 2025 and December 31, 2024 consisted of the following:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Morchester International Limited	July 14, 2012	15%	\$ 35,429	\$ 35,429
Morchester International Limited	July 14, 2012	8%	10,000	10,000
Total			<u>\$ 45,429</u>	<u>\$ 45,429</u>

On December 9, 2011, Elray entered into an Amended Splitrock Agreement whereby the Company acquired certain assets and liabilities of Splitrock. As part of the liabilities assumed in terms of the Amended Splitrock Agreement, the Company assumed notes payable of \$292,929 bearing interest of 8% or 15% per annum. On December 20, 2013, the Company entered into a settlement agreement with Tarpon Bay Partners LLC (“Tarpon”) whereby Tarpon acquired \$247,500 of the notes payable against the Company. The remaining notes issued to Morchester International Limited not purchased by Tarpon are currently in default. The default had no effect on the notes’ interest rate.

Notes payable in default

On November 18, 2022, the Company issued the Note to VTG to replace the Convertible Redeemable Note dated January 23, 2014, with the remaining principal amount of \$481,500 and interest accrued of \$672,463 (the “Replacement”), issued by Elray in favor of VTG. The principal amount of the Note is \$250,000 which shall not bear interest, and which shall be due and payable in two installments as (a) \$125,000 on or before November 18, 2023; and (b) \$125,000 on or before May 18, 2024. The Replacement discharged Elray's full obligation under the foresaid Convertible Redeemable Note.

As of December 31, 2025, the total amount of \$250,000, consisting of two installments of \$125,000 which should be due and payable on November 18, 2023 and May 18, 2024 respectively, is in default without any default penalty or default interest.

Convertible notes payable

Convertible notes payable, as of December 31, 2025 and December 31, 2024, consisted of the following:

	<u>Interest Rate</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
JSJ Investments, Inc.	10%~20%	\$ 128,853	\$ 128,853
WHC Capital, LLC	22%	-	116,936
Beaufort Capital Partners, LLC	12%	10,966	10,966
Tangiers Investment Group, LLC	20%	48,393	48,393
Microcap Equity Group, LLC	10%	4,654	4,654
Gold Globe Investments Ltd	24%	-	2,324,000
Vista Capital Investments, LLC.	12%	5,800	5,800
Total		<u>\$ 198,666</u>	<u>\$ 2,639,602</u>

JSJ Investments, Inc.

On May 31, 2013, the Company entered into a convertible promissory note with JSJ Investments, Inc. (“JSJ”) for \$50,000. The note matured on December 2, 2013. The note holder has the option to convert the note to common shares in the Company at a discount of 50% of the average closing price over the last 120 days prior to conversion, or the average closing price over the last seven days prior to conversion. As of December 31, 2025, the remaining principal of \$10,670 has not been converted. The note is currently in default. As of December 31, 2025, accrued interest of this note was \$13,380. The default had no effect on the note’s interest rate.

On August 21, 2014, the Company entered into a convertible promissory note with JSJ for \$50,000 cash. The note matured on February 21, 2015. Upon the maturity, the note has a cash redemption premium of 150% of the principal amount. The note is convertible to the Company’s common shares at a discount of 60% of the average of the three lowest bids on the twenty days before the date this note is executed, or 60% of the average of the three lowest bids during the twenty trading days preceding the delivery of any conversion notice, whichever is lower. The note is currently in default and has a default interest rate of 20% per annum. As of December 31, 2025, balance of this note was \$45,560, and accrued interest of this note was \$102,968.

On January 20, 2015, the Company entered into a convertible promissory note with JSJ for \$40,000. The note bears interest at 12% and matured on July 20, 2015. Upon the maturity, the note has a cash redemption premium of 150% of the principal amount. The note is convertible to the Company’s common shares at 40% of the lowest trading price on the twenty days before the date this note is executed, or 40% of the lowest trading price during the twenty trading days preceding the delivery of any conversion notice, whichever is lower. The note is currently in default. The default had no effect on the note’s interest rate. As of December 31, 2025, balance of this note was \$40,000, and accrued interest of this note was \$52,527.

On January 20, 2015, the Company entered into a convertible promissory note with JSJ for \$60,000, which was issued in exchange for a portion of the promissory note issued to VTG on January 23, 2014. The note bears interest at 12% and matured on January 20, 2015. JSJ has the right to convert the balance outstanding into the Company's common stock at a rate equal to 50% of the lowest trading price on the twenty days before the date this note is executed, or 50% of the lowest trading price during the twenty trading days preceding the delivery of any conversion notice, whichever is lower. The Company recorded a loss on extinguishment of debt of \$441 related to the exchange. The note is currently in default. The default had no effect on the note's interest rate. As of December 31, 2025, balance of this note was \$32,623, accrued interest of this note was \$42,327.

WHC Capital, LLC

On April 1, 2025, the Company reclassified the WHC Note from convertible liability to a short-term debt, as is further described in NOTE 7 – SHORT-TERM DEBT.

Beaufort Capital Partners, LLC

On September 2, 2014, the Company entered into a convertible promissory note with Beaufort Capital Partners, LLC ("Beaufort") for \$21,000. The note matured on March 2, 2015. Beaufort has the right after the maturity date to convert the balance outstanding into the Company's common stock at a rate equal to 50% of the lowest trading prices during the fifteen trading days prior to the conversion date. Under certain conditions, the conversion price would be reset to \$0.0001 or 65% off the lowest price of the previous five trading days.

As of December 31, 2025, balance of this note was \$10,966, accrued interest of this note was \$23,266. This note is currently in default. The default had no effect on the note's interest rate.

Tangiers Investment Group, LLC

On October 13, 2014, the Company entered into a convertible promissory note with Tangiers Investment Group LLC ("Tangiers") for \$55,000. The note matured on October 13, 2015. Tangiers has the right after a period of 180 days to convert the balance outstanding into the Company's common stock at a rate equal to 45% of the lowest trading prices during the twenty trading days prior to the conversion date. As of December 31, 2025, balance of this note was \$15,393, accrued interest of this note was \$39,179. This note is currently and has a default interest rate of 20% per annum.

On October 13, 2014, the Company entered into a convertible promissory note with Tangiers for \$33,000. The note bears interest at 10% and matured on October 13, 2015. Tangiers has the right after a period of 180 days to convert the balance outstanding into the Company's common stock at a rate equal to 45% of the lowest trading prices during the twenty trading days prior to the conversion date. As of December 31, 2025, balance of this note was \$33,000, accrued interest of this note was \$70,268. This note is currently in default and has a default interest rate of 20% per annum.

GSM Fund Management LLC

On January 30, 2015, the Company entered into an assignment and modification agreement to assign \$62,500 of the convertible promissory note of VTG dated January 23, 2014 to GSM Fund Management LLC ("GSM"). The note bears interest at 12% and matured on January 30, 2016. GSM has the right after a period of 180 days to convert the balance outstanding into the Company's common stock at a rate equal to 50% of the lowest closing bid price in the 15 trading days prior to the conversion date. The Company recorded a loss on extinguishment of debt of \$52,364 related to the exchange. On April 9, 2018, the Company issued 150,221,707 shares of common stock for the conversion of this note in the amount of \$7,511.

On July 23, 2021, the Company, Pursuant to Chapter 104 - Uniform Commercial Code—Original Articles, NRS 104.3603 - Tender of payment. NV Rev Stat § 104.3603 (2013) and other applicable law, issued a Notice of Tender to GSM Fund Management LLC by a registered letter. The Company tendered full payment for the then outstanding balance of the Note, in the amount of \$37,297. Such tender of payment by the Company to GSM Fund Management LLC was in full discharge of the Company's obligations under the Note. The registered letter was received by the counter party on August 3, 2021, but the Company did not receive any responses from GSM Fund Management LLC. As per the statute, the Company has decided to cease to incur penalty interest on the date the letter was received by GSM Fund Management LLC and will move from convertible liability to a short-term debt and be a fixed amount going forward.

Microcap Equity Group, LLC

On February 23, 2015, the Company entered into a convertible promissory note with Microcap Equity Group LLC ("Microcap") for \$20,000, which was issued in exchange for a portion of the promissory note issued to VTG on January 23, 2014. The note matured on January 23, 2017. Microcap has the right to convert the balance outstanding into the Company's common stock at a rate equal to 40%

of the lower of the lowest bid price during the thirty trading days prior to the conversion date, or the lowest bid price on the day that the converted shares are cleared for physical delivery. The Company recorded a loss on extinguishment of debt of \$28,213 related to the exchange. As of December 31, 2025, balance of this note was \$4,654, accrued interest of this note was \$5,731. The note is currently in default. The default had no effect on the note's interest rate.

Virtual Technology Group, Ltd

On January 23, 2014, the Company entered into a convertible promissory note with VTG for \$1,500,000. VTG has the right after a period of 180 days to convert the balance outstanding into the Company's common stock at a rate equal to 100% of the average of the closing bid prices for the seven trading days prior to the conversion date when the Company's shares are traded in the OTCQB or during the ten trading days prior to the conversion date when the Company's shares are traded on another other exchange. On November 10, 2014, \$50,000 of this note was replaced with a note issued to LG. On January 20, January 23 and January 30, 2015, \$60,000, \$20,000 and \$62,500 of this note were replaced with notes issued to JSJ, Microcap and GSM. On November 18, 2022, \$481,500 of this note and \$672,463 of accrued interest were replaced by a promissory note issued to VTG. As of December 31, 2025, Elray's obligation under this note has been fully discharged, and both balance of this note and accrued interest have been fully settled.

Gold Globe Investments Ltd

On April 1, 2025, the Company reclassified the WHC Note from convertible liability to a short-term debt, as is further described in NOTE 7 – SHORT-TERM DEBT.

Vista Capital Investments, LLC.

On April 15, 2014, the Company entered into a convertible promissory note with Vista Capital Investments, LLC ("Vista") for \$250,000. The note has an original issuance discount of \$25,000. The note matures 2 years from the date of each payment of the principal from Vista. In the event that the note remains unpaid at maturity date, the outstanding balance shall immediately increase to 120% of the outstanding balance. Vista has the right to convert the outstanding balance into the Company's common stock at a rate equal to the lesser of \$0.008 per share or 60% of the lowest trade occurring during the twenty-five consecutive trading days preceding the conversion date. Due to certain events that occurred during 2014, the conversion price has been reset to \$0.005 per share or 50% of the lowest trade occurring during the twenty-five consecutive trading days preceding the conversion date. Pursuant to the agreement, if the conversion price calculated under this agreement is less than \$0.01 per share, the principal amount outstanding shall increase by \$10,000 ("Sub-Penny"). \$25,000 net proceeds were received on April 23, 2014. The remaining fund of this note has not been received. As of December 31, 2025, balance of this note was \$5,800, accrued interest of this note was \$9,387. The note is currently in default. The default had no effect on the note's interest rate.

Convertible notes payable - Related Party

Convertible notes payable - Related Party, on December 31, 2025 and December 31, 2024, consisted of the following:

	Interest Rate	December 31, 2025	December 31, 2024
Luxor Capital LLC	8%	-	500,000
Total		<u>\$ -</u>	<u>\$ 500,000</u>

On September 2, 2024, the Company issued Luxor Notes to Luxor as a part of Luxor Considerations for purchase of EBS. The transaction is further described in Note 4 – Intangible Asset.

On March 1, 2025 and September 1, 2025, the Company and Luxor entered into amendments to Luxor Notes to amend the maturity date of Luxor Notes from March 1, 2025 to September 1, 2025, and from September 1, 2025 to November 1, 2025 respectively.

On June 1, 2025, the Company and Luxor entered into another amendment to Luxor Notes to amend that the Company should make a partial principal payment of \$100,000 to Luxor on or before June 2, 2025, with the remaining principal balance of \$400,000, together with any accrued interest, payable on or before the maturity date. Pursuant to this amendment, the Company made a payment of \$100,000 to Luxor on June 2, 2025.

During October and November 2025, the Company paid an approximate aggregate of \$440,000 to Luxor in full settlement of the outstanding principal and accrued interest under the Luxor notes. Upon such settlement, the related derivative liabilities with an

approximate carrying value of \$210,000 were derecognized, and a gain on extinguishment of liabilities was recognized accordingly for the year ended December 31, 2025. As of December 31, 2025, no amounts remained outstanding under the Luxor notes.

Loans from shareholders

On September 5, 2008, Elmside Pty Ltd, a company related to a former director, agreed to an interest free loan of \$55,991 to the Company on an as-needed basis to fund the business operations and expenses of the Company until December 9, 2011, the due date of the loan. The note is in default.

As of December 31, 2025 and December 31, 2024, the Company had advances of \$59,391 from its officer. The advances from the officers are due on demand, unsecured with no interest.

NOTE 9 – DERIVATIVE LIABILITIES – NOTE CONVERSION FEATURE

Due to the conversion features contained in the convertible notes issued, the actual number of shares of common stock that would be required if a conversion of the note as further described in Note 6 was made through the issuance of the Company’s common stock cannot be predicted, and the Company could be required to issue an amount of shares that may cause it to exceed its authorized share amount. As a result, the conversion feature requires derivative accounting treatment and will be bifurcated from the note and “marked to market” each reporting period through the income statement. The fair value of the conversion future of these notes was recognized as a derivative liability instrument and will be measured at fair value at each reporting period.

The Company remeasured the fair value of the instrument as of December 31, 2025, and recorded a gain of \$118,406 for the year ended December 31, 2025. The Company determined the fair values of these liabilities using a Black-Scholes valuation model.

On July 23, 2021, the Company, Pursuant to Chapter 104 - Uniform Commercial Code—Original Articles, NRS 104.3603 - Tender of payment. NV Rev Stat § 104.3603 (2013) and other applicable law, issued a Notice of Tender to GSM Fund Management LLC by a registered letter. The Company tendered full payment for the then outstanding balance of the Note, in the amount of \$37,297. Such tender of payment by the Company to GSM Fund Management LLC was in full discharge of the Company’s obligations under the Note. The registered letter was received by the counter party on August 3, 2021, but the Company did not receive any responses from GSM Fund Management LLC. As per the statute, the Company has decided to cease to incur penalty interest on the date the letter was received by GSM Fund Management LLC and will move from convertible liability to a short-term debt and be a fixed amount going forward. As such the derivative liability of \$21,221 was settled.

On November 18, 2022, the Company issued a First Amended and Restated Convertible Redeemable Note to VTG in the form of promissory note to replace the Convertible Redeemable Note dated January 23, 2014, issued by Elray in favor of VTG. As such Elray’s obligation under the foresaid Convertible Redeemable Note had been fully discharged, and the incurred derivative liability of \$447,492 had been fully settled.

On April 1, 2025, the Company reclassified the WHC Note and GGIL Note from convertible liabilities to short-term debts. Accordingly, the derivative liabilities of \$218,850 and \$1,834,072 related to WHC Note and GGIL Note respectively had been fully settled.

The following table provides a summary of the changes in fair value of the derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs:

Fair value as of December 31, 2024	\$ 2,609,233
Change in fair value of derivative liabilities	(118,406)
Settlement of derivative liabilities	<u>(2,052,922)</u>
Fair value as of December 31, 2025	<u>\$ 437,905</u>

NOTE 10 – DERIVATIVE LIABILITIES – NOTE CONVERSION FEATURE – RELATED PARTY

The following table provides a summary of the changes in fair value of the derivative financial instruments related to Convertible notes payable - Related Party, measured at fair value on a recurring basis using significant unobservable inputs:

Fair value as of December 31, 2024	\$ 227,677
Change in fair value of derivative liabilities	(17,708)
Settlement of derivative liabilities	<u>(209,969)</u>
Fair value as of December 31, 2025	<u>\$ -</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, we may be party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Commitments and Contingencies

On January 22, 2018, the Company entered into a lease agreement for an office located at Tenancy 2, Level 3, 2 Grosvenor Street, Bondi Junction, Australia. The Company pays approximately \$68,585 per year plus applicable local sale tax and sharing expenses. The agreement, as amended, expires on November 14, 2020. On January 1, 2019, the Company and Articulate Pty Ltd (“Articulate”) entered into a Cancellation of Strategic Partnership Agreement. Pursuant to the agreement, the Company will no longer utilize the commercial premises located at Suite 302, 2 Grosvenor Street Bondi Junction NSW Australia, and Articulate will continue to utilize these premises and as such the parties have agreed that there will be an assignment of a commercial lease from the Company to Articulate and as such Articulate will take on all responsibilities for the lease.

NOTE 12 – RELATED PARTY TRANSACTIONS

Elmside Pty Ltd

On September 5, 2008, Elmside Pty Ltd, a company related to a former director, agreed to an interest free loan to the Company on an as-needed basis to fund the business operations and expenses of the Company until December 9, 2011, the due date of the loan. As of December 31, 2025 and December 31, 2024, loans from Elmside, a shareholder, were \$55,991. The loans are currently in default.

Articulate Pty Ltd and Goodman

During the year ended December 31, 2025, the Company had paid approximately \$2.6 million to settle the outstanding balance of accounts payable to Goodman and Articulate Pty Ltd (“Articulate”), a company controlled by Goodman. As of December 31, 2025 and 2024, the Company had accounts payable of \$5,265 and \$2,610,932, respectively, to Goodman and Articulate, for consulting fees, reimbursement of expenses and compensation.

On October 1, 2025, pursuant to an action by unanimous written consent of the Board of Directors, the Company approved a monthly consulting fee of \$10,000 payable to Goodman for advisory and consulting services provided to the Company.

On August 24, 2016, the Company entered into a strategic partnership agreement with Articulate. Pursuant to the agreement, Articulate will provide non-exclusive back office services to the Company’s clients. In exchange for the service, Elray agreed to pay \$10,000 for each month Articulate provides services. Elray will receive 0.5% of the software usage fee paid by Elray’s clients through Articulate. On January 1, 2019, the Company entered into a Cancellation of Strategic Partnership Agreement with Articulate, pursuant to which Articulate will no longer provide support, marketing and back-office services to the Company and the Company will not charge Articulate software usage fees. As of December 31, 2025 and December 31, 2024, receivable from Articulate for software usage fee was \$106,841.

Jay Goodman and Brett Goodman

During the year ended December 31, 2025, the outstanding accounts payable to Jay Goodman had been fully settled. As of December 31, 2025 and 2024, the Company had nil and \$202,500 payable to Jay Goodman respectively.

On November 1, 2022, the Company entered into an agreement with Brett Goodman, son of the Company’s chief executive officer, to provide consulting services assisting the Company with data segmentation, financial and statistical services. In consideration for such services, the Company should pay \$5,000 for the month of November 2022 and thereafter \$7,500 per month to Brett Goodman.

On October 1, 2025, the Company entered into a Sale of Asset Agreement with Bondi Alpha. As of December 31, 2025, the Company had a prepayment of \$130,000 for the to-be-developed Game Assets. Further details of the agreement are described in NOTE 4 – INTANGIBLE ASSET.

Globaltech Software Services LLC

During the year ended December 31, 2025, the outstanding other payable to Globaltech Software Services LLC (“Globaltech”) had been fully settled. As of December 31, 2025 and 2024, the Company had nil and \$39,824 other payable to Globaltech.

Meridian Holdings Inc. (formerly known as Golden Matrix Group, Inc.)

On December 7, 2022, the Company entered into a Software License Agreement with Meridian Holdings Inc. (“MRDN”). During the year ended December 31, 2025, Goodman and Weiting Feng (“Feng”), the Company’s Treasurer and Director, served respectively as Chief Executive Officer, President, Secretary, Treasurer and Director (Goodman), and Chief Operating Officer and Director (Feng), of MRDN.

Pursuant to the Software License Agreement, which was effective as of December 1, 2022, MRDN granted the Company a non-exclusive, non-licensable, non-sublicensable, non-assignable and non-transferable license for the use and further distribution of certain of MRDN’s online games, providing the Company with the right to use the online games solely for the purpose of running an online blockchain casino enterprise.

In consideration for licensing the online games to the Company, the Company agreed to pay MRDN a monthly license fee equal to 125% of MRDN’s costs of such games. The Company also agreed to pay MRDN a 10,000 Euro deposit which is refundable upon the termination of the agreement. For participation in the progressive jackpot games, The Company was required to make an advance payment of 5,000 Euros.

During the years ended December 31, 2025 and 2024, the Company purchased online gaming contents for \$40,767 and \$35,911 respectively from MRDN. As of December 31, 2025 and 2024, the balance of the Company’s accounts payable to MRDN was \$40,508 and \$35,911 respectively.

Luxor Capital LLC

On September 2, 2024, the Company entered into the Luxor Agreement with Luxor, a company controlled by Anthony Brian Goodman, the Company’s Chief Executive Officer, to purchase EBS from Luxor. Further details are described in Note 4 – Intangible Asset.

During the year ended December 31, 2025, the outstanding accounts payable to Luxor had been fully settled. As of December 31, 2025 and 2024, the Company had nil and \$250,000 payable to Luxor respectively.

Etrader Enterprise Pty Ltd and Feng

On October 1, 2025, pursuant to an action by unanimous written consent of the Board of Directors, the Company approved a monthly consulting fee of \$10,000 payable to Etrader Enterprise Pty Ltd (“Etrader”), an entity controlled by Feng, for advisory and consulting services provided to the Company. As of December 31, 2025, the Company had \$10,000 accounts payable to Etrader.

NOTE 13 – EQUITY

Preferred Stock – Series A

On May 3, 2012, the Company authorized the creation of 300,000,000 shares of Series A preferred Stock of \$0.001 par value. The Class A Preferred Series shares are convertible at a rate of 100 common shares for each Series A Preferred Share.

On September 2, 2024, the Company issued 90,000,000 shares of Series A Preferred Stocks as a part of Luxor Considerations for purchase of EBS. As is further described in Note 4 - Intangible Asset.

As of December 31, 2025 and 2024, there were 90,000,000 shares of Series A Preferred Stock outstanding.

Preferred Stock – Series B

On July 1, 2012, the Company authorized the creation of 100,000,000 shares of Series B preferred stock. On September 24, 2012, the authorized Series B Preferred Stock was increased from 100,000,000 to 280,000,000. After a series of reverse stock splits, the Series B Preferred stock is convertible at a rate of 0.000000003 common stock for each Series B Preferred stock.

On July 14, 2013, the Company entered into a 12-month consultancy agreement with VTG to assist the Company in developing marketing and supporting the technology of virtual online horse racing products and to provide the Company the exclusive use right to

certain website domains. In consideration for such services and domains, the Company issued 192,000,000 Series B Preferred shares to VTG. The 192,000,000 Series B Preferred stock have been recorded at their estimated fair value of \$43,031.

On December 12, 2022, the Company filed a Supplemental Disclosure for Change of Control Events for a change in control of the Company effective on November 18, 2022. On such date, VTG sold 100% of the outstanding shares of Series B Preferred Stock to Luxor Capital, LLC, a company controlled by the Company's chief executive officer. Luxor Capital, LLC paid \$500 in cash to VTG and caused the Company to deliver to VTG a First Amended and Restated Convertible Redeemable Note.

Preferred Stock – Series C

On June 20, 2014, the Company authorized the creation of 10,000,000 shares of Series C preferred stock. The Series C preferred shares are convertible at a rate of 0.0003 common shares for each Series C Preferred Share.

On September 18, 2014, the Company entered into an agreement to acquire a 25% interest in Globaltech Software Services LLC doing business as Golden Galaxy ("Golden Galaxy") which operates online casinos. Under the terms of the purchase agreement, the Company will be entitled to 1% of the gross wagering generated by Golden Galaxy. In consideration for the purchase, the Company issued 5,000,000 shares of the Company's Series C preferred stock in June 2015 and recorded \$5,000 of other asset. On April 1, 2015, the Company terminated the agreement and stopped receiving 1% of the gross wagering generated by Golden Galaxy. During the year ended December 31, 2017, the management recorded an impairment of \$5,000 due to the uncertain recoverability of the other asset.

On September 18, 2014, the Company entered into an agreement with Yangjiu Xie, owner of Asialink Treasure Limited ("ATL"). Pursuant to the agreement, the Company issued 2,083,333 shares of its Series C preferred stock as part of the consideration to acquire 49% of the outstanding shares of ATL in a series of transactions. These shares were recorded at their par value of \$2,083 with a subscription receivable at the same amount. The Company has not received the certificate of ownership from ATL.

Common Stock

On July 12, 2022, the Company filed a Certificate of Amendment to Articles of Incorporation with Nevada Secretary of State, pursuant to which, the Company's authorized number of shares of Common Stock shall be increased from 2.5 billion shares, par value \$0.001, to 4.5 billion shares, par value \$0.001, with no other changes to any other class of the Company's Capital Stock.

On July 19, 2022, the Company filed a Registration Statement (the "Offering") pursuant to Tier 1 of Regulation A of the United States Securities and Exchange Commission (the "SEC"). The Company is offering for sale a maximum of 1,000,000,000 shares of its common stock (the "Offered Shares"), at a fixed price of \$0.0005 per share. A minimum purchase of \$5,000 of the Offered Shares is required and any additional purchase must be in an amount of at least \$1,000. This offering is being conducted on a best-efforts basis, which means that there is no minimum number of Offered Shares that must be sold for the offering to close. All proceeds from the offering will become immediately available to the Company and may be used as they are accepted. The Company intends to use the proceeds of the offering for general working capital and administrative expenses. The Offering received a notice of qualification on July 28, 2022.

On October 17, 2022, the Company filed a Certificate of Amendment to Articles of Incorporation pursuant with Nevada Secretary of State, pursuant to which, the Company's authorized number of shares of Common Stock shall be increased from 4.5 billion shares, par value \$0.001, to 7.5 billion shares, par value \$0.001, with no other changes to any other class of the Company's Capital Stock.

On October 25, 2022, the Company filed a Post-Qualification Offering Circular Amendment No. 1 (the "PQA") to amend the Offering Statement filed on July 19, 2022, and qualified on July 28, 2022 and as may be amended and supplemented from time to time, to add 1,000,000,000 additional shares of common stock to be offered by our company pursuant to the PQA, for a revised maximum of 2,000,000,000 shares of common stock. The PQA received a notice of qualification on November 2, 2022.

From October 3, 2022 to the date of this Report, the Company sold, to nineteen investors publicly, an aggregate of 1,110,000,000 shares of its common stocks, at a price of \$0.0005 per share, raising cash of \$555,000. The shares were offered pursuant to Tier 1 of Regulation A and the Company's entry into subscription agreements with each investor.

From October 14, 2022 to the date of this Report, the Company sold, to seven accredited investors, an aggregate of 661,500,000 shares of its common stocks, at a price of \$0.0005 per share, raising cash of \$330,750. The shares were offered pursuant to Rule 506 of Regulation D and the Company's entry into subscription agreements with each investor.

On June 14, 2023, the Company issued 40,000,000 shares of restricted common stocks to James H. Caplan as a part of consideration for corporation communication and investor relation services provided to the Company by James H. Caplan in the period beginning December 1, 2022 and concluded on 30 November 30, 2023.

On March 1, 2024, the Company issued 90,000,000 shares and 10,000,000 shares of restricted common stocks to Brian Herman and James St. Clair respectively as the consideration for advisory services provided in the six-month period beginning December 2, 2022.

Options

On September 2, 2024, the Company issued two billion options which are to vest 50% in 12 months and 50% in 24 months at \$0.0005 per share as a part of Luxor Considerations for purchase of EBS, as is further described in Note 4 - Intangible Asset.

The fair value of options was measured using the Black-Scholes option pricing model. The total fair value of options discussed above was \$585,372.

As of December 31, 2025 and 2024, there were two billion options outstanding.

NOTE 14 – SUBSEQUENT EVENTS

On February 27, 2026, Elray filed Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada, to restate the Company's articles of incorporation originally filed on December 13, 2006, and set forth the Company's updated capital structure and governance provisions as follows:

Authorized Capital Stock

The Company is authorized to issue an aggregate of 11,600,000,000 shares of capital stock, consisting of 11,000,000,000 shares of Common Stock, par value \$0.001 per share; and 600,000,000 shares of Preferred Stock, par value \$0.001 per share.

Series A Convertible Preferred Stock

Out of the authorized preferred stock, 300,000,000 shares are designated as Series A Convertible Preferred Stock. Holders are entitled to receive dividends, when and if declared by the Board of Directors, calculated based on the dividend payable on a share of Common Stock multiplied by the applicable conversion ratio. Each share of Series A Preferred Stock is convertible, at the option of the holder, into one hundred (100) shares of Common Stock, subject to adjustment for stock splits, stock combinations and similar recapitalization events after the Original Issuance Date. Each share of Series A Preferred Stock will automatically convert into Common Stock upon the earlier of: (1) the written consent of holders of more than 50% of the issued and outstanding Series A Preferred Stock, and (2) the Corporation election. Holders of Series A Preferred Stock vote together with holders of Common Stock as a single class and are entitled to one hundred (100) votes per share, without adjustment for any subdivision, combination, reclassification reverse split, split or similar transaction. Holders of Series A Preferred Stock should not be entitled to any liquidation preference.

Series B Convertible Preferred Stock

Out of the authorized preferred stock, 280,000,000 shares are designated as Series B Convertible Preferred Stock. Holders are entitled to receive dividends, when and if declared by the Board of Directors, calculated based on the dividend payable on a share of Common Stock multiplied by the applicable conversion ratio. Each share of Series B Preferred Stock is convertible, at the option of the holder, into one (1) share of Common Stock, subject to adjustment for stock splits, stock combinations and similar recapitalization events after the Original Issuance Date. Each share of Series B Preferred Stock will automatically convert into Common Stock upon the earlier of: (1) the written consent of holders of more than 50% of the issued and outstanding Series B Preferred Stock, and (2) the Corporation election. Holders of Series B Preferred Stock vote together with holders of Common Stock as a single class and are entitled to one thousand (1,000) votes per share, without adjustment for any subdivision, combination, reclassification reverse split, split or similar transaction. Holders of Series B Preferred Stock should not be entitled to any liquidation preference.

Series C Convertible Preferred Stock

Out of the authorized preferred stock, 10,000,000 shares are designated as Series C Convertible Preferred Stock. Holders are entitled to receive dividends, when and if declared by the Board of Directors, calculated based on the dividend payable on a share of Common Stock multiplied by the applicable conversion ratio. Each share of Series C Preferred Stock is convertible, at the option of the holder, into one hundred (100) shares of Common Stock, subject to adjustment for stock splits, stock combinations and similar recapitalization events after the Original Issuance Date. Each share of Series C Preferred Stock will automatically convert into Common Stock upon the earlier of: (1) the written consent of holders of more than 50% of the issued and outstanding Series C Preferred Stock, and (2) the Corporation election. Holders of Series C Preferred Stock vote together with holders of Common Stock as a single class and are entitled to one (1) vote per share, without adjustment for any subdivision, combination, reclassification reverse split, split or similar transaction. Holders of Series C Preferred Stock should not be entitled to any liquidation preference.

Blank Check Preferred Stock

Elray is authorized to issue up to 10,000,000 shares of initially undesignated Preferred Stock. The Blank Check Preferred Stock is in addition to the previously designated series of preferred stock and may be issued in one or more series. The Board of Directors is authorized, without further stockholder approval (except as required by applicable law), to determine the rights, preferences and privileges of such series,