BITRUSH CORP CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 and 2015

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Corporation's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BITRUSH CORP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016
(Expressed in Canadian Dollars)

INDEX

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Management's Responsibility

To the Shareholders of BitRush Corp ("**BitRush**" or the "**Corporation**"):

The accompanying consolidated interim financial statements of the Corporation are the responsibility of management.

These financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the statement of financial position. In the opinion of management, these financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

August 29, 2016

Signed "Karsten Arend ", Director   *Signed* "Werner Böhm", CEO

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BITRUSH CORP

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	June 30, 2016	December 31, 2015
	$	$
Assets		
Current assets		
Cash and cash equivalents	**345,200**	209,380
Prepaids and other assets (Note 5)	**73,601**	39,567
Related party receivables (Note 6)	**11,775**	6,998
	430,576	255,945
Non-current assets		
Property and equipment	**2,010**	1,711
Intangibles (Note 4)	**570,331**	454,013
Total assets	**1,002,917**	**711,669**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**91,030**	118,934
Related party payables (Note 6)	**18,030**	21,934
	109,060	140,868
Non-current liabilities	**0**	0
Total liabilities	**109,060**	140,868
Equity		
Share capital	**3,258,837**	2,746,800
Contributed surplus	**566,779**	399,410
Accumulated comprehensive income/(loss)	**-18,135**	-2,524
Accumulated deficit	**-2,913,624**	-2,512,885
Total equity	**893,857**	570,801
Total liabilities and equity	**1,002,917**	**711,669**

Going concern (Note 1)

Approved by the Board of Directors on August 29, 2016

Signed “Karsten Arend ” , Director *Signed* “Werner Böhm” ,CEO

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BITRUSH CORP

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
For the period ended June 30,	**2016**	2015	**2016**	**2015**
	$	$	**$**	**$**
Revenue				
Online advertising services	**40,107**	-	**86,862**	
Online gaming services	**14,146**	-	**24,491**	
Consulting revenue				
Advertising revenue	**-10**	14,631	**1,438**	**28,569**
Total Revenue	**54,243**	14,631	**112,791**	**28,569**
Expenses				
Administrative expenses	**-122,841**	-1,625	**-176,097**	**-2,930**
Business development expenses	**-35,142**	-6,957	**-95,401**	**-15,162**
Selling expenses	**-54,253**	-6,819	**-111,353**	**-15,172**
Professional fees	**-49,023**	-418	**-55,827**	**-2,096**
Depreciation/Amortization	**-249**	-90	**-454**	**-180**
Stock based compensation	**-35,296**	-	**-74,406**	**-**
	-296,804	-15,909	**-513,538**	**-35,540**
Loss before the undernoted	**-242,561**	-1,278	**-400,747**	**-6,971**
Interest income/loss	**4**	-	**6**	**-**
Interest expense		-		
Accretion expense	**-**	-5,786	**-**	**-11,577**
Income taxes	**-**	-	**-**	**-**
	-242,557	-7,064	**-400,741**	**-18,548**
Other comprehensive gain/loss	**-6,470**	-88	**-15,611**	**350**
Net loss and comprehensive loss	**-249,027**	**-7,152**	**-416,352**	**-18,198**
Loss per share				
Basic and diluted	**0**	0	**0**	**0**
Weighted average number of shares outstanding				
Basic and diluted	**123,668,777**	83,287,265	**124,740,572**	**123,668,778**

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BITRUSH CORP

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Equity portion of convertible debts	Accumulated comprehensive Income/(loss)	Accumulated deficit	Total Equity
	#	$	$	$	$	$	$
Balance December 31, 2013	**83,287,265**	**14,722**	**-**	**80,958**	**-2,306**	**-63,174**	**30,200**
Net loss and comprehensive loss		-	-	-	-248	-47,085	-47,333
Balance December 31, 2014	**83,287,265**	**14,722**	**-**	**80,958**	**-2,554**	**-110,259**	**-17,133**
Net loss for the period	-	-		-	262	-11,484	-11,222
Balance March 31, 2015	**83,287,265**	**14,722**	**-**	**80,958**	**-2,292**	**-121,743**	**-28,355**
Net loss for the period			-	-	88	-7,064	-7064
Balance June 30, 2015	**83,287,265**	**14,722**	**-**	**80,958**	**-2,204**	**-128,807**	**-17,133**
Share issuances – private placement	7,350,000	536,500	188,500	-	-	-	725,000
Share-based compensation	-	-	145,776	-	-	-	145,776
Forgiveness of debentures	-	-		-80,958	-	80,958	-
Expiration of warrants	-	-	-4,417	-	-	4,417	-
Net loss and comprehensive loss	-	-	-	-	-320	-2,469,453	-2,469,773
Balance December 31, 2015	**120,307,239**	**2,746,800**	**339,410**	**-**	**-2,524**	**-2,512,885**	**570,801**
Private Placement	6,650,000	512,037	152,963				665,000
Share-based compensation	-	-	39,110	-	-	-	39,110
Net loss and comprehensive loss					-8,871	-158,183	167,054
Balance March 31, 2016	**126,957,239**	**3,258,837**	**531,483**	**-**	**-11,395**	**-2,671,067**	**1,107,857**
Share-based compensation	-	-	35,296	-	-	-	35,296
Net loss and comprehensive loss	-	-	-		-6,740	-242,557	-249,297
Balance June 30, 2016	**126,957,239**	**3,258,837**	**566,779**	**-**	**-18,135**	**-2,913,624**	**893,857**

BITRUSH CORP (Formerly The Streetwear Corporation)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the six months ended June	**2016**	2015
	$	$
Cash flows from operating activities		
Net loss for the year	**-400,741**	-13,966
Adjustments for:		
Amortization	**454**	186
Debt waiver	**-**	-
Accretion expense	**-**	13,800
Deemed share listing expense and transactions costs	**-**	-
Stock-based compensation	**74,406**	-
	-325,881	20
Changes in non-cash working capital:		
Prepaid expenses and other assets	**-38,811**	-4,107
Accounts payable and accrued liabilities	**-31,808**	-257
Net cash flows from operating activities	**-396,500**	-4,344
Cash flows from investing activities:		
Investments tangible assets	**-753**	
Investment in intangible assets	**-130,980**	-
Net cash flows from investing activities	**-131,733**	-
Cash flows from financing activities		
Issuance of share capital and warrants	**665,000**	-
Net cash flows from financing activities	**665,000**	-
Increase in cash and cash equivalents	**136,767**	-4,344
Cash and cash equivalents, beginning of the year	**209,380**	11,202
Exchange difference	**-947**	-100
Cash and cash equivalents, end of the period	**345,200**	6,758
Cash and cash equivalents consist of:		
Cash	**345,200**	6,758
Cash equivalents	**-**	-
	345,200	6,758

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1. NATURE OF OPERATIONS AND GOING CONCERN

Bitrush Corp. (the "Corporation", "Bitrush", or the "Company") was incorporated under the laws of the Province of Ontario and is governed by the Business Corporation Act (Ontario). The Corporation's registered office is located at 133 Richmond Street West, Suite 403, Toronto, Ontario.

The Company is an internet technology company and is focused on the crypto currency payment service business. The Company develops and operates crypto currency micropayment channels.

The Company intends to focus its business on the development and servicing of crypto-currency-based platforms. Crypto-currency is a young and rapidly growing business area. Although it has been predicted that crypto-currency will become a leading means of digital payment, it cannot be assured that this will in fact occur. Our future success is dependent on the widespread acceptance of crypto-currency as a means of payment within the digital economy.

Mezzacap Investments Ltd. a company wholly owned by Alfred Dobias is the parent company of BitRush and owns approximately 51% of its outstanding capital as of June 30, 2016.

These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. As at December 31, 2015, the Company had not yet achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company's liabilities as they become payable and ultimately to generate profitable future operations. As at June 30, 2016, the Company had a working capital of $ 321,515
(December 31, 2015 – working capital of $115,077) and cumulative losses of $ 2,881,289 (December 31, 2015 - $2,512,885). These conditions indicate the existence of material uncertainty that may cost significant doubt upon the ability of the company as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. Summary of Significant Accounting Policies

(i) Statement of compliance

The financial statements of the Company as at and for the year ended June 30, 2016 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of June 30, 2016.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise noted.

(ii) Significant accounting judgments estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Indefinite life of intangible assets

Intangible assets include websites and technology associated with those websites. Management has determined that these intangible assets have an indefinite life. In making its assessment, management considered several factors including the daily traffic to the website and the continuous modification of the underlying technology. Based on these factors, management has determined that there is no foreseeable limit to the period over which the asset is expect to generate cash inflows for the entity. See Note 4.

ii) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

iii) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iv) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

v) Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi) Bitcoin operations

The Company operates several websites that pay out very small amounts of bitcoins in exchange for the user performing certain simple tasks. The Company also operates several websites that allow a user to put some of the bitcoins that they have received as a result of these micro transactions at risk in exchange for the potential to earn more Bitcoins. Management has taken the position that these websites are not gambling websites and, as such, has not applied for or been granted a gambling license by any government or non-government authority. Management position that these are not gambling websites is based on the following concepts:

- Bitcoins are not seen as legal currency by any major government body

- The Company does not earn revenues from these transactions as any bitcoins lost by the user are returned to the pool and can be earned by other users. The Company earns revenues from advertisements on these websites.

- The Company does not lose anything as payouts are restricted to the number of bitcoins that have been funded by the Company on a specific website at any given time and this amount is replenished on a regular basis, usually daily.

- The Company does not allow a user to add Bitcoins to their account for purposes of these transactions. Only the Bitcoins that a user earns while browsing the Company's websites may be put at risk in order to earn more bitcoins.

(iii) Basis of consolidation

The unaudited interim consolidated financial statements of the Company include the accounts of its 100% owned subsidiaries BitRush GmbH ("BitRush") (FN 405032 k, Vienna, Austria), Campus Loosdorf GmbH (Campus) (FN 411662k, Vienna), Start-it Ltd (set up on September 2nd, 2015) (Registration no: 09768535, London, England), ANOON Limited (formerly Coinex Ltd. Registration no: 09957379, London, England) and AdBit Efficient Marketing Services Ltd. (Registration no: 09921112 London, England)

Unrealized gains and losses on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in those entities. Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(iv) Basis of measurement

These interim consolidated financial statements were prepared under the historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(v) Functional and presentation currency

Foreign currencies

The functional currency of each entity in the consolidated group is the currency of the primary economic environment in which it operates. The functional currency of the parent company, Bitrush Corp., is the Canadian dollar. The functional currency of all the subsidiary companies is the Euro. These consolidated financial statements are presented in Canadian dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of the consolidated financial statements, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date, and income and expense items are translated at the average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. The exchange differences arising on translation are taken directly to a separate component of equity (foreign currency translation reserve).

On the disposal of a foreign operation all of the accumulated exchange differences in respect of that operation and accumulated in foreign currency translation reserve are reclassified to profit or loss.

(vi) Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks.

(vii) Intangible Assets

Intangible assets acquired from third-parties by applying the arm´s length principle are recognized at acquisition costs, depending on the nature of the intangible assets. The existing intangible assets of the Company are deemed to have an indefinite life.

(viii) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recognised based on the cost of an item of property and equipment, less its estimated residual value over its estimated useful life. An asset´s residual value, useful life and depreciation method are reviewed and adjusted if appropriate, on an annual basis.

(ix) Income Taxes

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(x) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are determined by discounting the expected future cash flows to present value.

(xi) Revenue recognition

Advertising revenues is generated in operating Bitcoin websites on a global scale. Revenues from gaming and advertising services provided are recognized when transferred to the wallet of Bitrush and are translated into the functional currency on the date of the transfer of the revenue.

(xii) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.
The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- Financial assets at fair value through profit or loss (“FVTPL”)
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified into the following categories at their initial recognition:

- Financial liabilities at fair value through profit or loss; and
- Other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.
Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to
- pay the cash flows to another party without material delay is assumed by the Company; or
- when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled or expire.

Financial assets (other than a financial asset defined as FVTPL) are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.
If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

(xiii) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company`s non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the assets are estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of an asset´s fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-Tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

The Company will reverse any previous impairment losses where circumstances have changed such that the level of impairment in the value of the assets has been reduced.
Assets with an indefinite useful life and assets not yet ready for use that are not amortized are tested annually for impairment, irrespective of whether there is any indication these assets may be impaired.

(xiv) Earnings/(loss) per share

The Company presents basic and diluted earnings/(loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The Diluted EPS calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. At June 30, 2016 and 2015 all outstanding options and warrants were excluded from the diluted EPS calculation as they were anti-dilutive.

(xv) Stock Based Compensation

The Company grants stock options to directors, officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The grant date fair value of options is recognized as share-based payment expense, with a corresponding increase in equity, over the period that the individual becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of share options that do meet the related service and non-market performance conditions at the vesting date. Charges for options that are forfeited before vesting are reversed from share-based payment reserve. Upon the expiry of unexercised options or warrants, the amount recorded to the expiry date is transferred to retained earnings (deficit).

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(xvi) Presentation of Financial Statements ("IAS 1")

As the management applied materiality consideration to all parts of the financial statements already in former years, thereby the application of the revised IAS 1 did not have any effect on the presentation of the financial statements.

(xvii) Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

(xviii) Future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for the Company's accounting periods beginning on January 1, 2017 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The amendments to IFRS 9 are effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

IFRS 15 - "Revenue form contracts with customer" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity´s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017. The Company has not yet assessed the impact of adoption.

3. REVERSE TAKEOVER TRANSACTION

On June 26, 2015, Mezzacap acquired the shares of The Streetwear Corporation ("Streetwear"), a public company under the laws of Canada from its shareholders, through the issuance of 24,672,738 common shares and 5,361,363 warrants.

Legally, Streetwear became the parent of Mezzacap; however, as a result of the share exchange, control of the combined companies passed to the former shareholders of Mezzacap, which for accounting purposes is deemed to be the acquirer. For financial reporting purposes the transaction has been accounted for under IFRS 2 - Share Based Payment and therefore the financial statements have been prepared as a continuation of Mezzacap. Consequently, through the period ended June 26, 2015, the consolidated statements of loss and comprehensive loss and the consolidated statements of cash flows relate only to Mezzacap, the acquirer. Subsequent to June 26, 2015, the net assets of Mezzacap are included in the consolidated statement of financial position at their carrying values and the acquisition of Streetwear is accounted for by the acquisition method, with the net assets of Streetwear recorded at their estimated fair values.

A summary of the Transaction is presented below:

(Expressed in Canadian dollars)

Fair value of consideration issued to Streetwear shareholders:	2,205,129
Cash	193
Sundry receivables	10,163
Accounts payables	(104,613)
Related party payable	(20,000)
Net assets acquired	(114,257)
Excess of consideration paid over net assets acquired, representing a cost of the transaction	**2,319,386**

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2 - Share Based Payments. Consideration consisted entirely of shares and warrants of the Company which were measured at the estimated fair value of those shares at the date of the acquisition. 24,672,738 common shares of the Company with an estimated fair value of $1,825,783 along with 5,361,363 warrants of the Company with an estimated fair value of $9,551 were issued to the shareholder of Streetwear as part of this transaction. The fair value of these warrants was estimated using the Black-Scholes valuation model using the following weighted average assumptions: expected volatility – 100%, expected life – 0.5 years, expected dividend yield – 0%, risk free interest rate of 0.60%. A finders fee of 4,997,234 common shares of the Company with an estimated fair value of $369,765 were also issued and are included in the fair value of the consideration paid. The recognition of a listing expense as part of the acquisition of a public company is determined as the proceeds paid by the Company less the net assets acquired by the Company as a result of the takeover. The Company recognized a listing expense of $2,319,386 in the statement of loss and comprehensive loss for the year ended December 31, 2015.

(Expressed in Canadian dollars)

4. INTANGIBLE ASSETS

A continuity of intangible assets is presented below:

Intangible Assets	31-Dec-15	Currency Translation	Acquired Additions	Additions through	June 30 , 2016
Websites and Website technology	454,013	-14,662	5,469	-	444,820
Gaming software			30,269		30,269
ANOON development expenses			95,242	-	95,242
Total	454,013	-14,662	130,980	-	570,331

Intangible assets as of December 31, 2015 consisted of websites and website technology acquired through direct acquisitions and business combinations and are recorded at cost. In general these assets are legally valid for 15 years, however as the company modifies them, a new set of rights is created for each modification and as such, an indefinite life is assumed for all intangible assets of the Company.

The addition in the first six months ending as of June 30, 2016 relate with $82,261 to the payment system developed by the group (ANOON), additional $30,269 resulted from investments in gaming software.

In accordance with the Company's accounting policy these intangible assets were evaluated for impairment at year end. As at June 30, 2016 management has determined that the intangibles were not impaired. This determination was made by comparing the carrying value of the intangible assets to their fair value less costs of disposal. The key assumption used in the estimate of fair value less costs of disposal are the daily visitors to each website. As the websites generate revenues through advertisements, a greater number of visitors (traffic) to a website corresponds with a greater fair value for that website. The Company determined the user traffic for its websites by using various online tools, including urlrate.com and Google AdSense. This traffic was then used to estimate the fair value less costs of disposal. This fair value measurement is categorized as level 3 within the fair value hierarchy. See Note 2(ii)

(Expressed in Canadian dollars)

5. Prepaid and Other Assets

As at	June 30, 2016	December 31, 2015
HST/GST/VAT receivable	$ 44,344	$ 39,567
Deposits with Wavecrest	14,162	-
Others receivables	15,095	
	$ 73,601	$ 39,567

6. Related Party Transactions

Related parties include the board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related Parties also include the company's majority shareholder MezzaCap Investments Ltd and its 100% shareholder Alfred Dobias.

The amounts due to related parties of the Company at the reporting date, as disclosed in the table below, arose because of transactions entered into with the related parties in the ordinary course of business. Related party transactions conducted in the normal course of operations are measured at estimated fair value which is equal to the exchange amount.

	Amounts due from (owed to) related parties for the years ended:	
	June, 2016	December 31, 2015
Related party receivable	$ 11,775	$ 6,998
Payable to officers and directors	$ 18,030	$ 21,934

The related party receivable amount is due from entities with common directors.

Included in the amount owing to officers and directors is $18.030 (December 31, 2015 - $13,404) owing to Alfred Dobias for short-term borrowings to Bitrush.

Compensation of key management personnel of the Company
The remuneration of directors and other members of key management personnel during the periods ended June 30, 2016 and 2015 was as follows:

	2016 **$**	2015 $
Consulting fees	**63,967**	-
Waived		-
Share-based payments[1]	**74,406**	-
	138,373	-

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. Share-based payments were paid to key management personnel during the three months ended June 30, 2016 in the form of 2,600,000 options. See Note 8 for options terms.

(Expressed in Canadian dollars)

7. CAPITAL STOCK

(i) As at June 30, 2016 the Company's authorized number of common shares was unlimited without par value.

(ii) **Common Shares**

Issued 126,957,239 common shares	**Number of Shares**	**Amount**
		$ 14,722
Balance as of December 31, 2015	120,307,239	2,746,800
Issuance of common shares in concurrent financing (a)	6,650,000	512,037
Balance at June 30, 2016	**126,957,239**	**$ 3,258,837**

(a) As of March 15, 2016 the Corporation completed a non-brokered private placement of 6.65 million units of securities at a price of 10 cents per unit (one share and one warrant to purchase half a share).

8. CONTRIBUTED SURPLUS

	Number of Options	Weighted Average Exercise Price	**Grant Date Value of Options**	Number of Warrants[1]	Weighted Average Exercise Price[1]	**Grant Date Value of Warrants**	**Total Value**
Balance December 31, 2013 and 2014	-	-	$ -	-	$ -	$ -	$ -
RTO Granted/Issued	-	-	-	5,361,363	0.30	**9,551**	**9,551**
Granted/issued	9,000,000	0.15	**145,776**	7,350,000	0.15	**188,500**	**344,276**
Expired	-	-	-	(4,861,363)	(0.30)	**(4,417)**	**(4,417)**
Balance December 31, 2015	9,000,000	0.15	**$ 145,776**	7,850,000	$ 0.15	**$ 193,634**	**$ 339,410**
Granted/Issued	2,600,000	0.10	**140,417**	3,825,000	$ 0.20	**152,963**	**293,380**
Forfeited/expired	(2,500,000)	0.10	**(66,011)**	-	-	-	**(66,011)**
Balance June 30, 2016	9,100,000	0.14	**220,182**	11,675,000	0.17	**346,597**	**566,779**

Warrants

Pursuant to the issuance of Units on September 4, 2015, the Company issued 7,250,000 common share purchase warrants. Each warrant is exercisable to purchase one common share at a price of $0.15 per common share for a period of three years. The grant date fair value of these outstanding warrants was estimated using the Black-Scholes option-pricing model assuming the following parameters:

During March 2016 the Corporation completed a non-brokered private placement of 6,650,000 units of securities at a price of 10 cents per unit (one share and one warrant to purchase half a share).

Expiry Date	Grant date share price $	Exercise price $	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
08-Sep-2017	0.15	0.15	100	3.0	0	0.44
15-Mar 2018	0.15	0.15	100	3.0	0	0.44

(Expressed in Canadian dollars)

Options

The Company's stock option plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed five years at exercise prices not less than the closing price of the shares on the Canadian Securities Exchange on the trading day immediately preceding the date the options are granted, and are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued and outstanding common shares.

During the period ended December 31, 2015, Bitrush granted 9,000,000 options to directors, officers and consultants of the Corporation. The options vest as to 1,500,000 immediately and 1,500,000 each quarter thereafter until they are fully vested. Due a change in management the Company recorded a forfeiture of 2,500,000 options 90 days after resignation of the former CEO and director

Options outstanding to purchase common shares at June 30, 2016 have a weighted average exercise price of $0.14. Individual options grants carry exercise prices and remaining terms to maturity as follows:

Number of options	Options Exercisable	Exercise price	Grant Date Fair Value of Vested Options	Expiry date	Remaining Contractual Life Outstanding
#	#	$	$		(Years)
6,500,000	2,166,666	0.15	171,628	17-Sep-2018	2.19
2,500,000	416,667	0.10	42,660	22-Apr-2021	4.81
50,000	50,000	0.10	655	22-Apr-2018	1.81
50,000	12,500	0.20	5,238	7-Jun-2018	1.94

9. CAPITAL MANAGEMENT AND LIQUIDITY

The Corporation manages its cash, common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to pursue its stated business objectives, to continue to develop its platform for processing crypto-currency transactions, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts in the crypto-currency financial services business, the Corporation does not pay out dividends. The Corporation's investment policy, in general, is to invest its short-term excess cash in highly liquid, short-term, interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The nature of the industry in which the Corporation operates is very capital intensive. As a result, the Corporation prepares annual capital expenditure budgets and utilizes authorizations for expenditures for projects to manage capital expenditures.

The Corporation's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and through private equity financings. Revenue, available cash balances, and financing are the Corporation's principal sources of capital used to pay operating expenses and recurring capital costs in its business.

The principal liquidity needs for periods beyond the next twelve months are for non-recurring capital expenditures, development costs and potential acquisition costs of similar, financial services companies operating in crypto-currency. The Corporation's strategy is to meet these needs with one or more of the following: cash flows from operations, common share and warrants offerings, and proceeds from the sales of assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended June 30, 2016.

Credit risk
The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had cash of $345,200 (December 31, 2015 - $209,380) to settle current liabilities of $109,060 (December 31, 2015 - $140,868). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk
(a) Interest rate risk
The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by

its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at June 30, 2016 and December 31, 2015, no amounts were held in short-term deposit certificates. Interest rate risk is considered by Management to be low.

(b) Foreign currency risk
The Corporation's parent company has functional currency of the Canadian dollar while the subsidiaries have a functional currency of the Euro. Major purchases are transacted in Canadian dollars and Euros. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Each entity within the consolidated group maintains bank accounts and makes payments in their respective functional currencies. No single entity holds significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Crypto-currency risk
The Company is exposed to risk with respect to crypto-currency prices and valuations which are largely based on the supply and demand of bitcoins and other crypto-currencies and their acceptance in the financial market.

(d) Fair value
Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, other receivables, related party receivables, accounts payable and accrued liabilities, and related party payables on the statement of financial position approximate fair value because of the limited term of the instruments.

At June 30, 2016 and December 31, 2015 the Company had no financial instruments that are carried at fair value.