MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2020

(EXPRESSED IN CANADIAN DOLLARS)

The following Management's Discussion and Analysis ("MD&A") constitutes management's assessment of the factors that affected the financial and operating performance of BitRush Corp. ("BitRush", "We" or the "Company") for the year ended December 31, 2020.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. This MD&A should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020 (the "2020 Financial Statements"), as well as the audited financial statements of the Company for the years ended December 31, 2020 and 2019. The Company's 2020 Financial Statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In preparing this MD&A, management has taken into account information available up to April 29, 2021, and all figures are expressed in Canadian Dollars ("$" or "CAD") unless stated otherwise.

Cautionary Note Regarding Forward Looking Statements

This MD&A contains certain forward-looking information and statements relating, but not limited to, the Company's future financial position and results of operations, strategies, plans, objectives, goals, targets, and future developments in the markets where the Company participates or is seeking to participate. Forward-looking information typically contains statements with words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar words suggesting future outcomes or statements regarding an outlook, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of the Company to differ materially from those suggested by the forward-looking information and statements, some of which may be beyond the control of management.

Factors which could cause actual results to differ materially from current expectations include, but are not limited to: the expectations and assumptions based on which the Company's strategies are founded on; the Company's ability to obtain a partial revocation order on the failure-to-file cease trade order (the "CTO"); the Company's ability to meet its working capital needs for the 12-months period ending December 31, 2020, including the cost and potential impact in complying with existing and proposed laws and regulations; and the impact of the novel coronavirus ("COVID-19") pandemic to the Company's strategies and operations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

Although the Company believes that the expectations, estimates, and projections reflected in such forward-looking information and statements are reasonable, such forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information and statements. On this basis, readers are cautioned not to place undue reliance on such forward-looking information and statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and are presented for the purpose of assisting investors and others in understanding BitRush's financial position and results of operations, as well as its objectives and strategic priorities, and may not be appropriate for other purposes. The Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Description of Business

BitRush was incorporated under the laws of the Province of Ontario and is governed by the Business Corporations Act (Ontario). The Company previously operated an online advertising platform ("AdBit") which used Bitcoin ("BTC") as a payment method, which has since been disposed of (see "Other Liabilities" for details). The Company is currently looking to adopt a new business plan or an acquisition. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "BRH" but are currently suspended from trading.

The address of the Company's registered office is located at 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

Cease Trade Order

The Company is subject to a CTO issued by the Ontario Securities Commission (the "Commission") dated December 2, 2016. The CTO was issued due to the Company's failure to file its certification of the financial information filings for the period ended September 30, 2016 as required by National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. As a result of the CTO, while BitRush is listed on the CSE, its common shares are currently suspended from trading.

Recent Developments

Sale of AdBit

On December 31, 2020, the Company entered into an Asset Purchase Agreement (the "APA") with an arm's length third party (the "Buyer") and sold the AdBit platform to the Buyer for the sum of $1 and the assumption by the Buyer of certain liabilities (see "Other Liabilities" for more details).

Outlook and Strategy

In 2020, the Company has continued to evaluate new developments in the ad tech, artificial intelligence and public markets space. The other main order of business is to lift the CTO to resume the trading of the Company's common shares on the CSE and its operations.

As the Company continues to assess all types of opportunities, it will likely continue in the ad tech space and intends on raising capital shortly once the CTO is lifted. BitRush believes that a well vetted opportunity will be available for the Company to build on. BitRush also intends on changing its name and ticker symbol after the CTO is lifted.

During the current COVID-19 pandemic, the Board of Directors (the "Board") and management of the Company are sensitive to changes in the economy and most businesses. We are also actively looking for opportunities these changes have created. The Board and management will disclose any future plans for the Company if and where they have been decided upon. The Company is also considering adding strength and vision to its ranks by seeking additional board members, advisors and team members who will assist in implementing and executing the future plans of the Company once the CTO is lifted.

Financial Information

Selected annual information

BitRush's selected financial information as at and for the three most recently completed financial years ended December 31 are summarized as follows:

	2020	**2019**	**2018**
	$	**$**	**$**
Operating expenses	(219,961)	(190,204)	(252,048)
Other gains (expenses)	162,024	(74,277)	261,615
Net (loss) income	(57,937)	(264,481)	9,566
Cash	20,037	177,659	3,603
Total assets	209,834	206,196	101,970
Total liabilities	397,599	446,165	1,188,979
Shareholders' deficiency	(187,765)	(239,969)	(1,087,009)

Selected financial information

The Company's selected financial information for the three most recently completed financial years ended December 31 are summarized as follows:

	2020	2019	2018
	$	$	$
Management fees	90,000	65,990	60,000
Professional fees	75,577	65,517	143,663
General and administrative expenses	42,305	34,016	23,522
Business development	-	-	7,908
Change in value of other liabilities	(480,417)	(73,108)	263,824

Financial Results for the Year ended December 31, 2020

Results of operations

During the years ended December 31, 2020 and 2019, the Company did not generate any revenues due to inactive operations.

During the year ended December 31, 2020 ("Fiscal 2020"), the Company incurred total operating expenses of $219,961 (2019 – $190,204). The increase in operating expenses in Fiscal 2020 is primarily due to consulting fees of $90,000 charged by the Company's Chief Executive Officer ("CEO") on a full-year basis as compared to consulting fees of $65,990 charged in the comparative period, as well as professional fees of $75,577 (2019 – $65,517) incurred related to legal work on the revocation of the CTO, as well as fees for accounting and auditing services. During Fiscal 2020, the Company had also taken on initiatives in order to resume its commercial activities, which led to general and administrative expenses of $42,305 (2019 – $34,016) incurred. The increases in expenses was partially offset by a decrease of $12,602 in filing fees to $12,079 (2019 – $24,681).

During Fiscal 2020, the Company recorded total other income of $162,024, as compared to total other expenses of $74,277 in 2019. Upon the sale of AdBit, the other liabilities recorded on the Company's statements of financial position were measured at fair value and are affected by changes in the price of BTC. Due to a general appreciation of BTC prices in Fiscal 2020, a loss of $480,417 (2019 – $73,108) in the form of an increase in other liabilities was recorded from the sale of AdBit, the Company also recorded a gain of $641,764. As a result, the Company recorded a net increase in the change in value of the other liabilities of $161,347 in Fiscal 2020 (2019 – decrease of $73,108).

Net loss for Fiscal 2020 was $57,937 (loss of $0.001 per share on a basic and diluted basis), as compared to a net loss of $264,481 (loss of $0.004 per share on a basic and diluted basis) in 2019.

As the Company's investments in cryptocurrency were classified as an intangible asset, the increase in the fair value of the investments in cryptocurrency had been recorded as a revaluation gain under comprehensive income for Fiscal 2020.

Cash flows

Net cash used in operating activities during Fiscal 2020 was $178,632, as compared to net cash used in operating activities of $31,279 in 2019. The increase in operating spending was due to payments made to certain of the Company's consultants and suppliers, as it continued to utilize their services even though the Company's operations remained relatively inactive. The increase in the use of cash in operating activities for the year has been partially offset by refunds received on Harmonized Sales Tax ("HST") and further deferral of suppliers' balances.

Net cash provided by financing activities during Fiscal 2020 was $71,000, as compared to cash inflows of $205,335 in 2019. In order to fund its operations, the Company had continued to receive advances from certain related parties in Fiscal 2020 for a total of $11,000 (2019 – $60,872). During Fiscal 2020, the Company received a total of $60,000 in revolving credit (the "CEBA Loan") from the Government of Canada under the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. In 2019, the Company raised proceeds of $144,463 from the Private Placement from October at a subscription price of $0.05 per unit.

The Company did not participate in any investing activities in Fiscal 2020 and 2019.

Working Capital and Liquidity Outlook

The Company's primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. The Company's primary source of liquidity is loans and advances from related parties, as it also relies on private and/or public financing as a source of liquidity for short-term working capital needs. The Company's ability to fund operations, to make planned capital expenditures, to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As at December 31, 2020, the Company had total current assets of $49,703 (2019 – $206,196), including cash of $20,037 (2019 – $177,659) to settle current liabilities of $337,623 (2019 – $446,165), for a working capital deficiency of $287,920 (2019 – $239,969).

During Fiscal 2020, the Company had continued its efforts in further reducing its liabilities under a prudent cash management approach. Management believes there is sufficient capital in order to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at period-end. Nevertheless, management understands that the Company is dependent on additional capital by way of financing in 2021.

Key Management Compensation, Related Party Transactions and Balances

Key management personnel compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executives, non-executive directors, officers and any employees.

Compensation provided to key management personnel during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
	$	$
Consulting and management fees	**90,000**	65,990
Professional fees	**17,000**	27,000
	107,000	92,990

On November 1, 2019, the Company and Just In-Genius Inc. ("Just In-Genius"), an entity controlled by Karsten Arend, the President, Chief Executive Officer ("CEO"), and a director of the Company, entered into a consulting agreement, for a monthly remuneration of $7,500 in consideration of the CEO's services provided to BitRush. On November 1, 2020, the consulting agreement was renewed to October 31, 2021. During the year ended December 31, 2020, Just In-Genius charged $90,000 (2019 – $65,990) for consulting services provided to the Company, which are included in management fees.

As at December 31, 2020, an aggregate amount of $72,824 (2019 – $49,140), owing to Just In-Genius, for the consulting fees, the reimbursement of expenses paid on behalf of the Company, and funding of working capital, was included in accounts payables and accrued liabilities. Plus, Just In-Genius has also advanced an additional $1,000 (2019 – $nil), to the Company as at December 31, 2020. The amounts outstanding are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2020, Branson Corporate Services Ltd. ("Branson"), where Keith Li, the Company's Chief Financial Officer ("CFO") is employed, charged $17,000 (2019 – $27,000) for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at December 31, 2020, an amount of $42,831 (2019 – $24,596) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Other related party transactions and balances

To fund its working capital, the Company had received advances from HSRC Investments PTE Ltd. ("HSRC"), an entity that controls more than 10% of the Company, of which Hansjoerg Wagner, a director of BitRush, is also a director. During the year ended December 31, 2020, the Company received additional advances of $10,000 (2019 – $60,872) from HSRC. As at December 31, 2020, total advances of $69,500 (2019 – $59,500) owing to HSRC was recorded as due to related party on the statements of financial position. The advances outstanding are unsecured, non-interest bearing and due on demand.

On October 25, 2019, the Company issued from treasury 5,856,910 common shares to HSRC, under the Mandated Issuances by the SCJ dated June 29, 2018.

On October 25, 2019, the Company entered into the Shares-for-Debt Issuances with Just In-Genius and HSRC, as debts of $615,000 previously owed to the parties were settled and exchanged for 4,700,000 common shares for Just In-Genius and 7,600,000 common shares to HSRC, respectively, based on the exchange price of $0.05 per share.

The Company previously recorded consulting fees for services provided by certain former officers and directors, which were included in professional fees. As at December 31, 2020, an amount of $401 (2019 – $401) owing to Peter Lukesch, a former director, was included in accounts payable and accrued liabilities.

Capital Risk Management

The Company's objective in managing its capital structure is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

As at December 31, 2020, the Company's capital consists of share capital, reserve in share-based payments, reserve in warrants and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2020 and 2019.

Financial Instrument Risks

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at year-end is limited to the accounts receivable balance.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its needs. The Company forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through cash management, dispositions of assets and accessing financing through advances from related parties. As at December 31, 2020, the Company had a cash balance of $20,037 (2019 – $177,659) to settle current liabilities of $337,623 (2018 – $446,165).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at December 31, 2020:

	Carrying amount	Contractual maturities Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	234,123	234,123	-	-
Long-term debt	59,976	-	59,976	-

Management understands that the Company is dependent on additional capital by way of financing in 2021.

Cryptocurrency risk

The Company is exposed to risk with respect to cryptocurrency prices and valuations which are largely based on the supply and demand of BTC and other cryptocurrencies and their acceptance in the financial market. The Company adjusts its other liabilities in BTC to fair value at the end of each reporting period. This process could result in significant changes in the Company's other liabilities over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, accounts payable, other liabilities and amounts due to related parties. The fair value of cash, accounts payable, other liabilities, and amounts due to related parties are approximately equal to their carrying value due to their short-term nature.

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that include the inputs used to measure 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). The three levels of the fair value hierarchy are described below:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	20,037	-	-	20,037

As at December 31, 2020, the Company's financial instruments carried at fair value consisted of its cash, which have been classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the year ended December 31, 2020.

Cryptocurrency and Risk Management

Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The valuation of the Company's investments in cryptocurrency is directly related to the current and future market prices of coins. Cryptocurrency has a limited history, and its fair value has been historically volatile. As historical performance of cryptocurrency is not indicative of future price performance, the Company may not be able to liquidate its investments in cryptocurrency at the desired market prices, if required.

The Company's investments in cryptocurrency currently consist of Bitcoin. A 10% change in the quoted price of Bitcoin would result in a change of approximately $16,000 to the Company's comprehensive income for the year ended December 31, 2020.

The Company's investments in cryptocurrency were held with a third-party custodian at Kraken, a reputable cryptocurrency exchange and bank based in United States (the "U.S."). The Kraken exchange provides cryptocurrency-to-fiat money trading. As of 2020, Kraken is available to residents of 48 states in the U.S. and 176 countries.

As the Company is reliant on third-party information technology systems, it may be subject to security risk which is beyond its control. The third-party custodian's business may be subject to cyber-attacks, or systems failure, which could give rise to potential risks and uncertainties that result in loss of funds and privacy of data for the Company.

Per information available to the Company, the following security features are in place at Kraken:

- 95% of all deposits are kept in offline, air-gapped, geographically distributed cold storage, to ensure immediate customers' withdrawal on demand;
- Servers maintained in secure cages under 24/7 surveillance by armed guards and video monitors, with strict control on physical access and code deployment;
- Encryption on all sensitive account information at both the system and data level with access control; and
- Bug bounty program to leverage the expertise of the broader security research community.

Management is aware of certain "flash crash" incidents which previously occurred at the Kraken trading platform, notably in 2018. In February 2021, a similar incident occurred on the Kraken platform, which resulted in heavy losses for certain of its customers. The Company's investments in cryptocurrency were not impacted by such incidents.

Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the Company's statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Holdings of cryptocurrency

As there is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for holdings of cryptocurrency, management is required to exercise significant judgement in determining the appropriate accounting treatment for the classification of its investments in cryptocurrency. Management also exercises judgment in assessing whether a holding of cryptocurrency meets the definition of an intangible asset in IAS 38 – Intangible Assets ("IAS 38") on the grounds that: (i) it is capable of being separated from the holder and sold or transferred individually; and (ii) it does not give the holder a right to receive a fixed or determinable number of units of currency.

Holdings of cryptocurrency are accounted for under IAS 38, unless they are held for sale in the ordinary course of business, in which case IAS 2 – Inventories would apply. Management has concluded that its investments in cryptocurrency are not held for sale in the ordinary course of business and has therefore accounted for the holdings of cryptocurrency as an intangible asset.

Cryptocurrency valuation

Cryptocurrencies consist of cryptocurrency-denominated assets and are included in long-term assets. Digital currency is carried at their fair market value determined by the spot rate from www.coindesk.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Income taxes

Income taxes and tax exposures recognized in the Company's financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Summary of Significant Accounting Policies

Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

<u>Classification</u>

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (b) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

The Company's classification of financial assets and financial liabilities is summarized below:

	Classification
Cash	FVTPL
Accounts payable	Amortized cost
Due to related party	Amortized cost
Other liabilities	FVTPL
Long-term debt	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

Expected credit loss impairment model

IFRS 9 – Financial Instruments introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

Financial assets

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

Financial liabilities

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

Fair value hierarchy

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in Cryptocurrency

Investments in cryptocurrency are accounted for as intangible assets and are measured initially at cost. As the Company applies the revaluation model under IAS 38, the investments in cryptocurrency are subsequently measured at the revalued amount, being its fair value at the date of the revaluation less any accumulated amortization and impairment. However, the decreases are recognized in other comprehensive income to the extent of any credit balance accumulated in equity in respect of the investments in cryptocurrency.

At each reporting date, increases in the carrying amount of the investments in cryptocurrency as a result of a revaluation are recognized in other comprehensive income and accumulated in equity. However, the increases are recognized in profit or loss to the extent that it reverses a revaluation decrease previously recognized in profit or loss. Decreases in the carrying amount as a result of a revaluation are recognized in profit or loss. However, the decreases are recognized in other comprehensive income to the extent of any credit balance accumulated in equity in respect of the investments in cryptocurrency.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at December 31, 2020 and 2019, the Company had no material provisions.

Income Taxes

Income tax expense comprises current and deferred tax expense. Current and deferred tax are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current tax

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

Deferred tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

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

Share Capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve of the Company's equity, using the residual method, where the difference between the unit subscription price and the Company's closing share price on the date of closing of the private placement, is allocated to warrants reserves. In cases where there is no difference between the unit subscription price and the closing share price, the entire amount is allocated to share capital. On expiry, the fair value of the warrants is transferred to share capital.

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Income (Loss) per Share

Basic income (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes exercise or contingent issuance of options, warrants and securities only when such exercise or issuance would have a dilutive effect on income (loss) per share. For the years ended December 31, 2020 and 2019, no potential shares are included in the computation as they are anti-dilutive.

Share-Based Payments

Equity-settled share-based payments to employees (including directors and officers) are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to reserve for share-based payments. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized on the statements of income (loss) such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserve for share-based payments.

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 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.

On expiry, the recorded fair value of the options is transferred to accumulated deficit.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Foreign Currency Transactions

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Changes in Accounting Policies

The Company adopted the following amendments, effective January 1, 2020:

<u>IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")</u>

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The Company had assessed that there was no material impact of adopting these amendments on the Company's financial statements.

Effective August 24, 2020, the Company also adopted the following accounting policy:

<u>Government grants</u>

Government grants are transfers of resources to an entity by government in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is action by government designed to provide an economic benefit that is specific to an entity or range of entities qualifying under certain criteria.

Government grants and assistance are recognized where there is a reasonable assurance that the grants and assistance will be received, and conditions will be complied with. Government grants and assistance are recognized in other income over the periods in which the Company recognizes expenses which the grants and assistance are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

Recent Accounting Pronouncements

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after

January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of adopting the following amendments on its financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

Contingencies

On June 26, 2015, MezzaCap Investments Ltd. ("MezzaCap") acquired control of the Company through the issuance of 24,672,738 common shares and 5,361,363 warrants through a reverse takeover transaction. For financial reporting purposes, the transaction has been accounted for under IFRS 2 and therefore the financial statements of the Company had been prepared as a continuation of MezzaCap through the period ended June 26, 2015 to December 31, 2015. MezzaCap owned approximately 70% of the Company's outstanding shares as of December 31, 2015. MezzaCap is a United Kingdom corporation for which Werner Boehm, a former Chief Executive Officer ("Boehm" or the "Former CEO") of the Company, was the sole director.

On December 7, 2016, the Company's Board terminated the Former CEO for being in breach of his fiduciary duty to the Company. Motions were subsequently filed with the SCJ applying for relief under the oppression remedy against the Former CEO, MezzaCap and related parties. As the Former CEO repeatedly failed to deliver the corporate assets and property of BitRush and its subsidiaries, which included important financial information of the Company and its subsidiaries, the Company was not in a position to prepare and finalize its audited financial statements for the year ended December 31, 2016. As a result, the Board had determined there was effectively a loss of control of the Company's subsidiaries as of January 1, 2016, shortly after the time when Boehm was appointed CEO of BitRush. Accordingly, the Company recorded a charge of $441,725 to the statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2016, related to the loss of the Company's investment in and advances to the previously controlled subsidiaries.

On November 14, 2017, the SCJ declared that the Former CEO had breached his fiduciary duties to BitRush and caused the affairs of the Company to be conducted in an oppressive manner that unfairly disregarded and was unfairly prejudicial to the Company and its shareholders. The SCJ ordered, among other things, that Boehm and MezzaCap repay $561,373 that had been misappropriated and ordered costs of $225,956 payable to the Company. In the event if the damage of $561,373 was not repaid, the SCJ ordered that the Company could cancel shares held by MezzaCap of equivalent value.

On June 29, 2018, the SCJ amended its decision of November 14, 2017 to deem the appropriate share price for the cancellation of BitRush shares held by MezzaCap at $0.005, which resulted in an order for the cancellation of up to 112,274,600 shares held by MezzaCap. MezzaCap was the registered shareholder of 68,894,175 shares of the Company, all of which were cancelled pursuant to the order effective August 1, 2018.

Other Liabilities

In 2015, the Company purchased the AdBit business from a third-party for USD $80,000. AdBit runs on the interface of the Adbit.biz website, an online advertising platform, where individual users can pay for showing their advertising on the network as an advertiser, or register their website as a publisher and get paid to show the advertising of others.

On December 31, 2020, the Company entered into an Asset Purchase Agreement (the "APA") with an arm's length third party (the "Buyer") and sold the AdBit platform to the Buyer for the sum of $1 and the assumption by the Buyer of certain liabilities. Pursuant to the APA, the Company will receive, as additional consideration for the sale of the AdBit platform, 25% of all monthly net revenue in excess of a monthly net revenue of $10,000 generated via the AdBit platform (including any rebranded, further developed, new versions or white-labeled versions of the AdBit platform), to be paid to the Company on a quarterly basis. Furthermore, if the Buyer sells, transfers or otherwise monetizes all or part of the AdBit platform, including, but not limited to the platform code, domain name and/or database relating to the current or any further developed or new versions of the AdBit platform to a bona fide third party at anytime after the date hereof for a sale price in excess of $1.00, the Buyer will pay 50% of such excess amount to the Company upon the closing of such third party sale.

User balances were recorded in two categories:

- BTC, the digital currency, was the only currency used for deposits, withdrawals and balance records. As advertisers deposited BTC to pay for ads, publishers could withdraw BTC as their earnings from displaying the ads. The balances for each user were recorded for available spending on advertisements or withdrawals. The account balances were adjusted based on deposits, ad spending and or ad earnings.
- Ad Credits were an incentive priced in BTC which started in 2016, and could not be withdrawn from a user's account, as they could only be spent on advertising on the platform. Although the Ad Credits incentive program was discontinued, the Company remained liable for the maintenance of these Ad Credits for spending on the platform.

The BTC liabilities were classified as financial liabilities. The effect was that the BTC liabilities were measured at fair value based on the underlying price of a BTC, with changes in value being recorded in profit or loss.

Pursuant to the APA, the Buyer assumed all user BTC balances totalling 11.16590343 BTC and Ad Credit balances valued at 6.14876311 BTC of Ad Credit. As a result, the Company recorded a gain of $641,764 on the sale of AdBit. For the year ended December 31, 2020, a loss of $480,417 was included in the fair value change of the BTC liabilities for the period up to immediately prior to closing of the sale (2019 – $73,108).

For the years ended December 31, 2020 and 2019, the changes to the BTC liabilities are as follows:

	$
Balance, December 31, 2018	**88,239**
Fair value changes of Bitcoin liabilities	73,108
Balance, December 31, 2019	**161,347**
Fair value changes of Bitcoin liabilities	480,417
Sale of AdBit platform	(641,764)
Balance, December 31, 2020	**-**

Subsequent Events

Secured funding

On March 21, 2021, the Company entered into a Bitcoin-backed loan and security agreement with a lender (the "Lender"). The loan is secured by the Company's cryptocurrency investments into the Lender's cryptocurrency wallet. On March 22, 2021, the Company received proceeds of $131,784 (USD $107,000) from the loan.

Options expiry

On April 22, 2021, 2,500,000 options exercisable at $0.10, expired unexercised.

Issued and Outstanding Share Capital

As at April 29, 2021, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of BitRush are as follows:

Common Shares	Number Outstanding
Issued and outstanding	89,809,234
Issuable under warrants	2,889,260

Off-Balance Sheet Arrangements

As at December 31, 2020 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

Corporate Governance

1. *Board of Directors*

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Karsten Arend is not independent because he is also an executive officer of the Company, being the Company's President and CEO.

Hansjoerg Wagner is not independent because he currently holds approximately 38% of the common shares of the Company.

Edward Boyd is "independent" within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees* in that he has no direct or indirect relationship with the Company which could, in the view of the Board, be reasonably be expected to interfere with the exercise of his independent judgement as a director of the Company.

2. *Directorship*

Name of Directors of the Company	Names of Other Reporting Issuers
Karsten Arend	None
Hansjoerg Wagner	None
Edward Boyd	None

3. *Orientation and Continuing Education*

The Board briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. At this time, the Board does not provide any continuing education.

4. Ethical Business Conduct

The Board does not currently have a written Code of Ethical Business Conduct for its directors, officers and employees, but views good corporate governance as an integral component to the success of the Company. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

5. Nomination of Directors

At this time, the Board of the Company do not have a nominating committee to identify new candidates for board nominations. The Board is responsible for identifying individuals qualified to become new board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

6. Compensation

The Board conducts reviews with regard to the compensation of the directors and executive officers once a year taking into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded Canadian companies.

7. Other Board Committees

The Board currently has no other committees other than the Audit Committee. The Company intends to add another director to its Board in the near term who will be independent. At such time, the Company intends to appoint a corporate governance and nomination committee and a compensation committee.

8. Assessments

The Board regularly monitors the adequacy of information given to directors, communications between the board and management and the strategic direction and processes of the Board and its committees.

Audit Committee Disclosure

1. The Audit Committee's Charter

The following is the text of the Company's Audit Committee Charter:

1.1 Continuation of the Audit Committee

The Board bears responsibility for the stewardship of the Company and in this regard, the Board supervises and directs management of the Corporation in carrying out the business of the Company, in the interest and for the benefit of the Company's shareholders.

To assist the Board in its monitoring of the Company's financial reporting and disclosure and to assist the Board in the identification and oversight of the management of financial risk, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "Committee"). The Committee's existing mandate is hereby repealed and replaced by this Charter.

1.2 Composition of Committee

(a) The Committee will be appointed annually by the Board and consist of at least three members from among the Directors of the Company, at least two of whom shall be, in the opinion of the Board, both an unrelated director within the meaning of Exchange and an independent director under section 1.4 of Multilateral Instrument 52-110 "Audit Committees" ("MI 52-110").

(b) No member of the Committee may (other than in his or her capacity as a member of the Committee, the Board or another Board committee) accept any consulting, advisory or other compensatory fee from the Company or be an affiliated person of the Company or any subsidiary.

(c) All members of the Committee shall be financially literate (i.e. have the ability to read and understand the Company's financial statements and notes). At least one member of the Committee shall have accounting or related financial experience (i.e. the ability to analyze and interpret financial statements and notes in accordance with Canadian generally accepted accounting principles) and shall be an audit committee financial expert under the MI 52-110.

(d) Officers of the Company, including the Chairman of the Board unless he or she is an unrelated director, should not serve as a member of the Committee.

(e) The Board will designate the Chairman of the Committee. The Chairman shall have responsibility for overseeing that the Committee fulfills its mandate and its duties effectively.

1.3 Responsibilities and Duties of the Committee

The Board mandates the Committee to monitor and be responsible for the supervision of the Company's financial reporting and disclosure obligations. To fulfill this role, the Committee shall have the following responsibilities and duties:

(a) To oversee compliance by the Company with all legal, regulatory and contractual requirements relating to financial reporting and disclosure and to oversee the accounting and financial reporting processes and audits of the financial statements of the Company;

(b) To review the financial statements and other financial information of the Company with management and the external auditors to gain reasonable assurance that they present fairly (in accordance with generally accepted accounting principles in Canada) in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented, and report thereon to the Board before same are approved by the Board;

(c) To review with management and the external auditors the financial statements of any significant subsidiary of the Company;

(d) To review with management the representation letter provided to the external auditors, to receive from management any additional representations required by the Committee, and to receive from the external auditors reports on their audit of the annual and their review of the quarterly financial statements of the Company;

(e) To review news releases and reports to shareholders to be issued by the Company containing earnings guidance or containing financial information based on the Company's financial statements;

(f) To review the Company's annual and quarterly "management's discussion and analysis" with management and report thereon to the Board before it is approved by the Board;

(g) To review the financial information in prospectuses, annual reports, material change disclosures of a financial nature, annual information forms and similar disclosure documents to be issued by the Company;

(h) To review with management and the external auditors the acceptability, appropriateness and quality of the Company's accounting principles;

(i) To review an annual report by the external auditors describing:

   (i) all critical accounting practices and policies to be used;
   (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the impact of the alternative treatments, and the treatment preferred by the external auditors; and
   (iii) other material written communications between the external auditors and management, and to meet with the external auditors to discuss the said annual report;

(j) To review with management the principal financial risks facing the Company and gain reasonable assurance that financial risk is being effectively managed or controlled;

(k) To review with management significant contingent liabilities;

(l) To review with management and the external auditors the Company's internal financial control system for its effectiveness and integrity and to oversee management's reporting on that system;

(m) To review with management the Company's management information systems for their effectiveness and their integrity;

(n) To approve hiring, the remuneration and the terms of engagement of the external auditors as set forth in their engagement letter and, if necessary, their termination, and to review the performance of the external auditors as required. The Committee shall also require that the lead or responsible audit partner of the external auditors in charge of the Company's audit, is rotated every five years and that other rules relating to the audit partner as enacted by securities regulatory authorities of Canada and the US are followed;

(o) To review regularly with the external auditors their independence, including pre-approval of all engagements (and fees related thereto) for non-audit services with the Company, and to ensure disclosure of any such non-audit services annually but in no event shall any of the following non-audit services be performed by the external auditors:

- (i) book-keeping or other services related to the accounting records or financial statements;
- (ii) financial information systems design and implementation;
- (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- (iv) actuarial services;
- (v) internal audit outsourcing services;
- (vi) management functions or human resources;
- (vii) broker or dealer, investment advisor or investment banking services;
- (viii) legal services and expert services unrelated to the audit; and
- (ix) other services prescribed by legislation;

(p) To review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the materiality levels which the external auditors propose to employ and other issues which are appropriate in the view of either the Committee or the external auditors;

(q) To put in place procedures to receive and handle complaints or concerns received by the Company about accounting, internal accounting controls and audit matters including those submitted anonymously by an employee of the Company;

(r) To review with management periodically the Company's code of ethics for senior financial officers;

(s) To ensure that an external auditor cannot act as auditor of the Company if the CEO, President, Controller, CFO or person serving in an equivalent position was employed by the external auditor and participated in any capacity in the audit of the Company during a 1-year period preceding the date of initiation of the audit; and

(t) To perform any other matters referred to the Committee or delegated to it by the Directors.

1.4 Operating Principles

The Committee will fulfill its responsibilities within the context of the following operating principles:

(a) Committee Duties

Committee members are required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(b) Committee Values

The Committee expects management of the Company to operate in compliance with all corporate policies and codes, and all laws and regulations governing the Company and to maintain strong financial reporting and control processes.

(c) Communications

The Chairman and all members of the Committee expect to have direct, open and frank communications throughout the year with management, other committee chairmen, the external auditors, the internal auditor, if any, the chairman of the audit committee of any subsidiaries, where applicable, and other key Committee advisors, as applicable.

(d) External Resources

To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Company, retain one or more persons having special expertise. The Company shall pay all fees and expenses of the external auditors or other persons retained by the Committee.

(e) Reporting to the Board

The Committee, through its Chairman, will report regularly to the Board, and in any event no less frequently than on a quarterly basis.

(f) Time Commitment

Members of the Committee are expected to commit whatever time may be necessary to fulfill the mandate of the Committee. Members should prepare for Committee meetings by reviewing the materials sent to them by management for discussion at the meeting, as well as other material they feel is necessary.

Members are expected to attend (in person or by telephone) all meetings of the Committee and to participate in those meetings through the asking of relevant questions and the expression of opinions on items being discussed.

(g) External Auditors

The external auditors will be accountable to the Board, as representatives of shareholders, through the Committee. The Committee is directly responsible for recommending the appointment of the auditors to the Company's shareholders and for the compensation and oversight of the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors will report all material issues or potentially material issues to the Committee.

(h) Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee will be entitled to rely in good faith upon:

- (i) financial statements of the Company represented to him or her by an officer of the Company or in a written report of the external auditors to present fairly the financial position of the Company in accordance with Canadian generally accepted accounting principles; and
- (ii) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

1.5 Operating Procedures

(a) Frequency of Meetings

The Committee will meet at least 4 times annually, and more frequently as circumstances dictate. Meetings will be held on at least 4-hours notice at the call of the Chairman, upon the request of any member of the Committee or at the request of the external auditors.

(b) Quorum

A quorum will be a majority of the members of the Committee present in person or by telephone.

(c) Chairman

In the absence of the Chairman of the Committee, the members will appoint an acting Chairman.

(d) Secretary

Unless the Committee otherwise specifies, the Secretary of the Company will act as Secretary of all meetings of the Committee.

(e) Meeting Agenda

Committee meeting agendas shall be set by the Chairman of the Committee in consultation with Committee members, management if appropriate, and the external auditors if appropriate.

(f) In Camera Meetings

The members of the Committee shall meet at regularly scheduled sessions with the external auditors, select members of management, and by themselves, without either or both of management and the external auditors present.

(g) Background Material for Meetings

Members of the Committee should be provided with an agenda and sufficient background material prepared in a clear and concise manner relating to a forthcoming meeting as will allow them to understand the items to be discussed at the meeting. The material should contain sufficient information, to the extent such information is reasonably available to management, to enable the Committee members to make an informed decision if one is required. The agenda with this material should be received by the Committee members far enough in advance of the meeting as will allow them sufficient time to review the materials.

(h) Minutes

Minutes of each meeting of the Committee will be prepared by the Secretary of the meeting and be provided to each member of the Committee for review and approval at a subsequent Committee meeting. After being approved, a copy of the minutes will be provided to each director of the Company for information purposes.

1.6 Limitations on Committee Members' Duties

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. It is not the duty of the Committee to prepare financial statements, plan or conduct audits, act as auditors or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with Canadian generally accepted accounting principles and applicable laws. These are the responsibilities of management and the external auditors. The external auditors are accountable to the Board and the Committee, being the representatives of the shareholders of the Company.

With regard to financial risk management, the Committee's responsibility is one of oversight only. Management is responsible to ensure proper financial risk management policies are in place and being adhered to.

2. Composition of the Audit Committee

The Audit Committee is comprised of the following members: Mr. Edward Boyd (Chairman); Mr. Karsten Arend and Mr. Hansjoerg Wagner.

Edward Boyd is "independent" within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees* in that he has no direct or indirect relationship with the Company which could, in the view of the Company's Board, be reasonably be expected to interfere with the exercise of his independent judgement as a director of the Company.

Karsten Arend is not independent because he is also an executive officer of the Company, being the Company's President and CEO.

Hansjoerg Wagner is not independent because he currently holds approximately 38% of the Common Shares of the Company.

3. Relevant Education and Experience

Karsten Arend holds an Masters of Business Administration ("MBA") Degree from Schiller International University in Heidelberg, Germany, has been investing in businesses including public companies for approximately 20 years, has been and is President and Director of several private corporations and has been a member of CEO Global Network, an organization focused on developing CEO skills for several years. He has also been a consultant to public companies for various purposes. Mr. Arend joined BitRush in 2016 as President and Director. He later became CEO and is well versed with the Company's activities. Mr. Arend is a director of The Mackenzie Institute, a security think tank and sits on their finance committee.

Edward Boyd is CEO of Video Technology provider MindShare Technologies Inc. In the past, he has served as CEO of publicly traded Iceberg Media.com Inc. which was acquired by Standard Radio Inc. in 2002, as well as a director of CBC/Radio-Canada for 10 years, where he served as a member of the audit committee. Most recently, Mr. Boyd served as Chair of the North American Board of the Alliance for Audited Media where he was an Ex-Officio member of the audit committee. Mr. Boyd holds a MBA Degree from the Rotman School of Management at the University of Toronto (1997) and ICD.D from the Institute of Corporate Directors (2011).

Hansjoerg Wagner is currently a director with HSRC of Singapore. He is also the Chairman of the Board of Dexwet Holdings Corporation, a Delaware Company, and a member of the audit committee. He is a graduate of the University of Vienna, Austria, with Masters Degrees in Business Administration and Informatics. For over 25 years, he has worked for US NASDAQ listed technology firms in senior leadership positions. JUNIPER Networks, POLYCOM, PACKETEER or NETEGRITY to name a few. Being in charge of independent P&L regions globally, Audit and Compensation were always part of his portfolio.

4. Audit Committee Oversight

All recommendations of the Audit Committee to nominate or compensate an external auditor have been adopted by the Board of Directors since the commencement of the Company's most recently completed financial year.

5. Reliance on Certain Exemptions

The Company has not relied on the exemption in s.2.4 (De Minims Non-Audit Services) or an exemption from National Instrument 52-110 – *Audit Committees*, in whole or in part, granted under Part 8, at any time since the commencement of the Company's most recently completed financial year, other than the exemption provided in section 6.1.1(5) (*Events Outside Control of Member*) of National Instrument 52-110 – *Audit Committees*.

6. Pre-approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

7. External Auditor Service Fees (by category)

For the financial years ended December 31, 2020 and 2019, the Company's auditors, Manning Elliott LLP, received the following from the Company as set out in the table below:

	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
	$	$	$	$
2020	47,000	Nil	Nil	Nil
2019	Nil	Nil	Nil	Nil

In the above table, "Audit Fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-Related fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditors for products and services not included in the foregoing categories.

8. Exemption

The Company is relying on the exemption in section 6.1 of National Instrument 52-110 – *Audit Committees*.

Risk Factors

The Company faces exposure to risk factors and uncertainties relating to its business that could significantly negatively impact the Company's operations and financial results. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company may also impair the Company's operations. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could also be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The following is a summary of risk factors that could be applicable to the business of the Company:

Additional financing

The Company believes that its raised capital is sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Volatile global financial and economic conditions

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing can be negatively impacted by many factors as a result of a global financial crisis or recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, unfavourable global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's investment results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares may be materially adversely affected.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Operating risk and insurance coverage

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Reliance on management

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Digital asset and crypto currency

Since the introduction of BTC over 10 years ago, it has proven to be a highly volatile asset. All manner of theft in the form of hacking exchanges and user wallets has occurred. For many users, the best practices for safeguarding their BTC are not practical. This often opens the door to theft.

Predicting the price movements and assessing the risk of holding these assets or being liable for them is challenging. Risks in this class of asset include but are not limited to government intervention, 51% attacks and many others. As at today's date, no such threat has proven successful.

As with all new asset classes, the risks are high and prices are affected by various pressures including supply and demand, global political and economic conditions, regulation, sentiment and market structures such as availability of sending cash from banks to exchanges and the reverse.

Reliance on information technology and vulnerability to cyber-attacks

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks. Every business is subject to cyber-attacks, however, internet businesses are particularly vulnerable given the relatively vast size of the online market for, and therefore resources available to, specific information technology providers. As such, specific information technology may be less able to thwart attempted breaches and misuses of information technology systems. A breach of the Company's computers could give rise to liabilities that result in material adverse effects to the financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in business and consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to management health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have 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, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Company's financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Company's 2020 Financial Statements in all material aspects.

The Audit Committee has reviewed the 2020 Financial Statements and this MD&A with management of the Company. The Board has approved the 2020 Financial Statements and this MD&A on the recommendation of the Audit Committee.

Approval

The Board of the Company has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to BitRush can be found on the Company's SEDAR profile at www.sedar.com, or its website at www.bitrush.com.

April 29, 2021

Karsten Arend
Chief Executive Officer