



Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of BitRush Corp.

Opinion

We have audited the financial statements of BitRush Corp. (the "Company") which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of income (loss) and comprehensive income (loss), cash flows, changes in shareholders' deficiency for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada

April 29, 2021

BitRush Corp.

Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
Assets		
Current Assets		
Cash	20,037	177,659
Amounts receivable (Note 4)	27,693	22,463
Prepaid expenses	1,973	6,074
Total Current Assets	49,703	206,196
Investments in cryptocurrency (Note 5)	160,131	-
Total Assets	209,834	206,196
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	267,123	225,318
Other liabilities (Note 7)	-	161,347
Due to related parties (Note 12)	70,500	59,500
Total Current Liabilities	337,623	446,165
Long-term debt (Note 8)	59,976	-
Total Liabilities	397,599	446,165
Shareholders' Deficiency		
Share capital (Note 9)	4,382,211	4,382,211
Reserve for share-based payments (Notes 10 and 11)	250,453	250,453
Contributed surplus	42,058	42,058
Accumulated deficit	(4,972,628)	(4,914,691)
Accumulated other comprehensive income	110,141	-
Total Shareholders' Deficiency	(187,765)	(239,969)
Total Liabilities and Shareholders' Deficiency	209,834	206,196

Nature of operations and going concern (Note 1)

Contingencies (Note 16)

Subsequent events (Note 17)

Approved on behalf of the Board of Directors:

"Karsten Arend" (signed)
Director

"Hansjoerg Wagner" (signed)
Director

The accompanying notes are an integral part of these financial statements.

BitRush Corp.

Statements of Income (Loss) and Comprehensive Income (Loss)

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
<u>Expenses</u>		
Management fees (Note 12)	90,000	65,990
Professional fees (Note 12)	75,577	65,517
General and administrative	42,305	34,016
Filing fees	12,079	24,681
Total Expenses	(219,961)	(190,204)
<u>Other Items</u>		
Change in value of other liabilities (Note 7)	161,347	(73,108)
Loss on debt settlement (Note 9)	-	(1,120)
Gain on loan forgiveness (Note 8)	677	-
Foreign exchange loss	-	(49)
Total Other Items	162,024	(74,277)
Net Loss	(57,937)	(264,481)
<u>Other Comprehensive Income</u>		
Change in fair value of cryptocurrency investment (Note 5)	110,141	-
Comprehensive Income (Loss)	52,204	(264,481)
Weighted Average Number of Shares Outstanding		
Basic and Diluted	89,809,234	63,890,443
Net Loss per Share		
Basic and Diluted	(0.001)	(0.004)

The accompanying notes are an integral part of these financial statements.

BitRush Corp.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
<u>Operating Activities</u>		
Net loss for the year	(57,937)	(264,481)
Adjustments for non-cash items:		
Change in value of other liabilities	(161,347)	73,108
Accretion on long-term debt	(25)	-
Loss on debt settlement	-	1,120
	(219,309)	(190,253)
Changes in non-cash working capital:		
Amounts receivables	(5,229)	75,296
Prepaid expenses	4,101	(5,466)
Accounts payable and accrued liabilities	41,805	89,144
Cash Flows used in Operating Activities	(178,632)	(31,279)
<u>Financing Activities</u>		
Proceeds from government loan (Note 8)	60,000	-
Proceeds from private placement (Note 9)	-	144,463
Advances from related parties (Note 12)	11,000	60,872
Cash Flows provided by Financing Activities	71,000	205,335
<u>Investing Activities</u>		
Investments in cryptocurrency (Note 5)	(49,990)	-
Cash Flows used in Financing Activities	(49,990)	-
(Decrease) increase in cash	(157,622)	174,056
Cash, beginning of year	177,659	3,603
Cash, end of year	20,037	177,659

The accompanying notes are an integral part of these financial statements.

BitRush Corp.

Statements of Changes in Shareholders' Deficiency

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Reserves</u>			Accumulated other comprehensive income	Total
	Number of shares	Amount	Share-based payments	Contributed surplus	Accumulated deficit		
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	58,063,064	3,260,963	250,453	-	(4,598,425)	-	(1,087,009)
Issuance of units from private placement (Note 9)	2,889,260	144,463	-	-	-	-	144,463
Issuance mandated by court (Note 9)	10,356,910	51,785	-	-	(51,785)	-	-
Issuance on debt settlement (Note 9)	18,500,000	925,000	-	42,058	-	-	967,058
Net loss for the year	-	-	-	-	(264,481)	-	(264,481)
Balance, December 31, 2019	89,809,234	4,382,211	250,453	42,058	(4,914,691)	-	(239,969)
Net loss for the year	-	-	-	-	(57,937)	-	(57,937)
Change in fair value of cryptocurrency investment (Note 5)	-	-	-	-	-	110,141	110,141
Balance, December 31, 2020	89,809,234	4,382,211	250,453	42,058	(4,972,628)	110,141	(187,765)

The accompanying notes are an integral part of these financial statements.

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

BitRush Corp. (“BitRush”, or the “Company”) 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 Note 7 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.

The Company’s cease trade order (the “CTO”) imposed by the Ontario Securities Commission (the “Commission”) on December 2, 2016, and to resume the Company’s operations. Since the issuance of the CTO, the Company’s activities had been minimal. As such, the Company has negligible commercial operations and, therefore, no revenue, and is subject to the normal risks and challenges experienced by other start-up companies in a comparable stage of development within the ad tech sector. The Company’s continued operations are dependent on its ability to obtain necessary financing to develop and establish a future development into a profitable commercial operation. As at December 31, 2020, the Company had a working capital deficiency of \$287,920 (2019 – \$239,969).

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability of the Company to obtain necessary financing, and the ability of the Company to identify, evaluate, and negotiate an acquisition of assets or businesses. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions, including the potential impact of the COVID-19 pandemic, represent material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. Basis of Presentation

2.1 Statement of Compliance

The Company’s financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were reviewed, approved and authorized for issuance by the Company’s Board of Directors (the “Board”) on April 29, 2021.

2.2 Basis of Measurement

The financial statements were prepared under the historical cost basis except for financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Functional Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is the Canadian Dollar (“\$” or “CAD”), which is also the presentation currency of these financial statements, unless otherwise noted.

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

2.4 Significant Accounting Judgments and Estimates

The preparation of these 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 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 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. The 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 framework 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. 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 (Note 5) 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.

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

2.4 Significant Accounting Judgments and Estimates (continued)

Income taxes

Income taxes and tax exposures recognized in the 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 the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

3. Summary of Significant Accounting Policies

3.1 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.

Classification

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).

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

3.1 Financial Instruments (continued)

Classification (continued)

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).

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

3.1 Financial Instruments (continued)

Derecognition (continued)

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).

3.2 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.

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.

3.3 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.

3.4 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).

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

3.4 Income Taxes (continued)

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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

BitRush Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

3.8 Share-Based Payments (continued)

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.

3.9 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.

3.10 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.

3.11 Changes in Accounting Policies

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

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

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:

Government grants

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.

BitRush Corp.

Notes to the Financial Statements

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3. Summary of Significant Accounting Policies (continued)

3.11 Changes in Accounting Policies (continued)

Government grants (continued)

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.

3.12 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.

4. Amounts Receivable

The Company's amounts receivable balance represents amounts due from government taxation authorities in respect of the Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no credit loss has been recorded against these receivables, which are due in less than one year.

5. Investments in Cryptocurrency

On January 22, 2020, the Company purchased 4.37549234 BTC for \$49,990. These investments in BTC are classified as intangible assets and are revalued at each reporting period based on the fair market value of the price of BTC on the reporting date. As at December 31, 2020, these investments in cryptocurrency were valued at \$160,131. During the year ended December 31, 2020, a revaluation gain on the investments in cryptocurrency of \$110,141 had been recorded in other comprehensive income.

BitRush Corp.

Notes to the Financial Statements

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5. Investments in Cryptocurrency (continued)

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

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding incurred in the normal course of business. The usual credit period taken for trade purchases is between 30 to 90 days.

	2020	2019
	\$	\$
Trade payable	234,123	177,818
Accrued liabilities	33,000	47,500
	267,123	225,318

7. 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).

BitRush Corp.

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7. Other Liabilities (continued)

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	-

8. Long-Term Debt

On August 24, 2020, the Company received \$40,000 in revolving credit (the “CEBA Loan”) from the Government of Canada under the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. The funding is granted in the form of an interest-free loan of which up to \$40,000 may be drawn. On December 21, 2020, the Company received an additional CEBA Loan in the amount of \$20,000 under the CEBA Loan expansion program.

On January 1, 2021, any balance remaining on the CEBA Loan will automatically convert to a non-revolving term loan with a maturity date of December 31, 2022. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. If 75% of the outstanding balance of the CEBA Loan is repaid on or before December 31, 2022, the remaining 25% of the balance shall be forgiven. The CEBA Loan must be repaid in full by no later than December 31, 2025.

The CEBA Loans were measured at an aggregate present value of \$59,323 on initial recognition. During the year ended December 31, 2020, accretion of \$653 had been recorded in profit or loss.

9. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares.

Common shares issued and outstanding as at December 31, 2020 and 2019:

	2020	2019
	\$	\$
Issued: 2020 – 89,809,234 common shares		
(2019 – 89,809,234 common shares)	4,382,211	4,382,211

Share capital transactions for the year ended December 31, 2020

There were no share capital transactions during the year ended December 31, 2020.

Share capital transactions for the year ended December 31, 2019

On October 25, 2019, the Company closed a private placement of 2,889,260 units (the “Private Placement”) at a price of \$0.05 per unit, for gross proceeds of \$144,463. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.10 per common share for a period of three years from the closing date.

BitRush Corp.

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9. Share Capital (continued)

Share capital transactions for the year ended December 31, 2019 (continued)

On October 25, 2019, the Company issued from treasury an aggregate of 10,356,910 common shares as mandated by the order of the Ontario Superior Court of Justice (the “SCJ”) dated June 29, 2018 (the “Mandated Issuances”) dated June 29, 2018 (see Note 16 for details).

On October 25, 2019, the Company settled debts of \$925,000 owed to certain creditors through the issuance of 18,500,000 common shares (the “Shares-for-Debt Issuances”), based on the exchange price of \$0.05 per share. In satisfaction of debts of \$308,880 to certain arms’ length parties in exchange of 6,200,000 common shares, a loss of settlement of \$1,120 was recorded.

All securities of the Company, including the aforementioned securities, will remain subject to the CTO until such time as the CTO has been revoked in its entirety.

10. Stock Options

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

As at December 31, 2020, the Company has 6,480,923 common shares that are issuable under the Plan.

No options were granted, exercised, expired, cancelled or forfeited during the years ended December 31, 2020 and 2019.

The following table summarizes information of options outstanding and exercisable as at December 31, 2020:

Date of expiry	Number of options outstanding & exercisable	Exercise price	Weighted average remaining life
	#	\$	Years
April 22, 2021	2,500,000	0.10	0.31
	2,500,000	0.10	0.31

11. Warrants

The following summarizes the warrants activity for the years ended December 31, 2020 and 2019:

	Number of warrants	Weighted Average exercise price
	#	\$
Balance, December 31, 2018	-	-
Issued	2,889,260	0.10
Balance, December 31, 2019 and 2020	2,889,260	0.10

BitRush Corp.

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11. Warrants (continued)

Warrant issuances for the year ended December 31, 2020

There were no warrant issuances during the year ended December 31, 2020.

Warrant issuances for the year ended December 31, 2019

In connection with the Private Placement which closed on October 25, 2019, the Company issued 2,889,260 warrants at an exercise price of \$0.10 per share for a period of three years from the closing date. No value was allocated to the warrants under the residual method.

The following table summarizes information of warrants outstanding as at December 31, 2020:

Date of expiry	Number of options outstanding	Exercise price	Weighted average remaining life
	#	\$	Years
October 25, 2022	2,889,260	0.10	1.82
	2,889,260	0.10	1.82

12. 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. All amounts outstanding due to Just In-Genius are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2020, Branson Corporate Services Ltd. (“Branson”), where 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.

BitRush Corp.

Notes to the Financial Statements

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12. Key Management Compensation, Related Party Transactions and Balances (continued)

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.

13. Income Taxes

Provision for income taxes

Major items causing the Company’s effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 27%) were as follows:

	2020	2019
	\$	\$
Net loss before income taxes	(57,937)	(264,481)
Expected income tax recovery based on statutory rate	(14,000)	(72,000)
Permanent differences and others	(59,000)	20,000
Changes in unrecognized deferred tax assets	73,000	52,000
Income tax (recovery) provision	-	-

Deferred income tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2020	2019
	\$	\$
Non-capital loss carry-forwards	763,000	690,000
Share issue costs and others	11,000	11,000
Deferred tax assets not recognized	(774,000)	(701,000)
	-	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has non-capital tax losses totaling \$2,882,000, which begins expiring in 2035. The other temporary differences do not expire under current legislation.

BitRush Corp.

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14. 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 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, accumulated deficit and accumulated comprehensive income.

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.

The Company is not subject to externally imposed capital requirements.

15. 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 and third-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 (2019 – \$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 crypto-currencies 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 unfavorable effect on the Company's financial position.

BitRush Corp.

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15. Financial Instrument Risks (continued)

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, amounts due to related parties and long-term debt. 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.

16. Contingencies

On June 26, 2015, 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. 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 Board of the Company 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.

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16. Contingencies (continued)

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.

17. 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.