



**Unaudited Condensed Interim Financial Statements**  
**For the Three Months Ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

**NOTICE TO READER**

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of BitRush Corp.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**BitRush Corp.**

Unaudited Condensed Interim Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(Expressed in Canadian Dollars)

	As at March 31, 2021	As at December 31, 2020
	\$	\$
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash	114,271	20,037
Amounts receivable (Note 4)	5,119	27,693
Prepaid expenses	1,128	1,973
<b>Total Current Assets</b>	<b>120,518</b>	49,703
Investments in cryptocurrency (Note 5)	323,218	160,131
<b>Total Assets</b>	<b>443,736</b>	209,834
<b><u>Liabilities</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	236,037	267,123
Loans payable (Note 8)	151,071	-
Due to related parties (Note 13)	73,500	70,500
<b>Total Current Liabilities</b>	<b>460,108</b>	337,623
Long-term debt (Note 9)	59,963	59,976
<b>Total Liabilities</b>	<b>520,071</b>	397,599
<b><u>Shareholders' Deficiency</u></b>		
Share capital (Note 10)	4,382,211	4,382,211
Reserve for share-based payments (Note 11)	250,453	250,453
Contributed surplus	42,058	42,058
Accumulated deficit	(5,024,285)	(4,972,628)
Accumulated other comprehensive income	273,228	110,141
<b>Total Shareholders' Deficiency</b>	<b>(76,335)</b>	(187,765)
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>443,736</b>	209,834

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 unaudited condensed interim financial statements.

**BitRush Corp.**

Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	2020
	\$	\$
<b><u>Expenses</u></b>		
Management fees (Note 13)	22,500	22,500
Professional fees (Note 13)	18,008	35,777
Filing fees	6,190	3,366
General and administrative	4,486	9,598
<b>Total Expenses</b>	<b>(51,184)</b>	<b>(71,241)</b>
<b><u>Other Items</u></b>		
Change in value of other liabilities (Note 7)	-	2,885
Interest expense (Notes 8 and 9)	(1,157)	-
Gain on loan forgiveness (Note 9)	684	-
<b>Total Other Items</b>	<b>(473)</b>	<b>2,885</b>
<b>Net Loss</b>	<b>(51,657)</b>	<b>(68,356)</b>
<b><u>Other Comprehensive Income</u></b>		
Change in fair value of cryptocurrency investment (Note 5)	163,087	(10,134)
<b>Comprehensive Income (Loss)</b>	<b>111,430</b>	<b>(78,490)</b>
<b>Weighted Average Number of Shares Outstanding</b>		
Basic and Diluted	89,809,234	89,809,234
<b>Net Loss per Share</b>		
Basic and Diluted	<b>(0.001)</b>	<b>(0.001)</b>

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

**BitRush Corp.**

Unaudited Condensed Interim Statements of Cash Flows  
For the Three Months Ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

	2021	2020
	\$	\$
<b><u>Operating Activities</u></b>		
Net loss for the period	(51,657)	(68,356)
Adjustments for non-cash items:		
Change in value of other liabilities	-	(2,885)
Interest on loans and long-term debt	1,157	-
Gain on loan forgiveness	(684)	-
Foreign exchange loss	79	-
	(51,105)	(71,241)
Changes in non-cash working capital:		
Amounts receivables	22,574	10,907
Prepaid expenses	845	2,560
Accounts payable and accrued liabilities	(31,086)	10,182
<b>Cash Flows used in Operating Activities</b>	<b>(58,772)</b>	<b>(47,592)</b>
<b><u>Financing Activities</u></b>		
Proceeds from secured loan (Note 8)	134,474	-
Proceeds on loan from third party (Note 8)	16,032	-
Advances from related parties (Note 13)	2,500	-
<b>Cash Flows provided by Financing Activities</b>	<b>153,006</b>	<b>-</b>
<b><u>Investing Activities</u></b>		
Investments in cryptocurrency (Note 5)	-	(49,990)
<b>Cash Flows used in Investing Activities</b>	<b>-</b>	<b>(49,990)</b>
<b>Increase (decrease) in cash</b>	<b>94,234</b>	<b>(97,582)</b>
Cash, beginning of period	20,037	177,659
<b>Cash, end of period</b>	<b>114,271</b>	<b>80,077</b>

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**BitRush Corp.**

Unaudited Condensed Interim Statements of Changes in Shareholders' Deficiency

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share- Based Payments	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	#	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>	<b>89,809,234</b>	<b>4,382,211</b>	<b>250,453</b>	<b>42,058</b>	<b>(4,914,691)</b>	<b>-</b>	<b>(239,969)</b>
Net loss for the period	-	-	-	-	(68,356)	-	(68,356)
Change in fair value of cryptocurrency investments (Note 5)	-	-	-	-	-	(10,134)	(10,134)
<b>Balance, March 31, 2020</b>	<b>89,809,234</b>	<b>4,382,211</b>	<b>250,453</b>	<b>42,058</b>	<b>(4,983,047)</b>	<b>(10,134)</b>	<b>(318,459)</b>
<b>Balance, December 31, 2020</b>	<b>89,809,234</b>	<b>4,382,211</b>	<b>250,453</b>	<b>42,058</b>	<b>(4,972,628)</b>	<b>110,141</b>	<b>(187,765)</b>
Net loss for the period	-	-	-	-	(51,657)	-	(51,657)
Change in fair value of cryptocurrency investments (Note 5)	-	-	-	-	-	163,087	163,087
<b>Balance, March 31, 2021</b>	<b>89,809,234</b>	<b>4,382,211</b>	<b>250,453</b>	<b>42,058</b>	<b>(5,024,285)</b>	<b>273,228</b>	<b>(76,335)</b>

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

## **BitRush Corp.**

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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### **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. 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 “OSC”) 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 March 31, 2021, the Company had a working capital deficiency of \$339,590 (December 31, 2020 – \$287,920).

These unaudited condensed interim 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 impact from the continued evolution 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 unaudited condensed interim 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 unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“IAS 34”).

These unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies, critical estimates and methods described in the Company’s annual financial statements, except for the adoption of new accounting standards or amendments identified in Note 3. Given that certain information and footnote disclosures, which are included in the annual financial statements, have been condensed or excluded in accordance with IAS 34, these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements as at and for the year ended December 31, 2020, including the accompanying notes thereto.

These unaudited condensed interim financial statements were reviewed, approved and authorized for issuance by the Board of Directors (the “Board”) of the Company on May 26, 2021.

## **BitRush Corp.**

Notes to the Unaudited Condensed Interim Financial Statements  
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### **2. Basis of Presentation (continued)**

#### **2.2 Basis of Measurement**

These unaudited condensed interim financial statements were prepared under the historical cost basis except for financial instruments which are measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **2.3 Functional Currency**

Items included in these unaudited condensed interim 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”).

#### **2.4 Significant Accounting Judgments and Estimates**

The preparation of these unaudited condensed interim 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 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](http://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.



## **BitRush Corp.**

Notes to the Unaudited Condensed Interim Financial Statements  
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### **2. Basis of Presentation (continued)**

#### **2.4 Significant Accounting Judgments and Estimates (continued)**

##### *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 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**

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the year ended December 31, 2020, unless otherwise noted below.

#### **3.1 Changes in Accounting Policies**

The Company adopted the following amendments, effective January 1, 2021. There was no material impact upon adoption of these amendments on the Company's unaudited condensed interim financial statements:

##### *Amendments to IAS 1 – Presentation of Financial Statements (“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. The Company early-adopted these amendments as permitted. The Company had assessed that there was no material impact upon the adoption of the amendments on its financial statements.

## BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended March 31, 2021 and 2020  
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### 3. Summary of Significant Accounting Policies (continued)

#### 3.2 Recent Accounting Pronouncements

As at the date of authorization of these unaudited condensed interim 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, 2022. 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 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 March 31, 2021, these investments in cryptocurrency were valued at \$323,218 (December 31, 2020 – \$160,131). During the three months ended March 31, 2021, a revaluation gain on the investments in cryptocurrency of \$163,087 (2020 – revaluation loss of \$10,134) had been recorded in other comprehensive income.

The Company's investments in cryptocurrency are maintained with a third-party custodian, Ledn Inc., a cryptocurrency digital products platform based in Toronto, Ontario.

#### 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.

	March 31, 2021	December 31, 2020
	\$	\$
Trade payable	34,614	234,123
Accrued liabilities	201,423	33,000
	<b>236,037</b>	267,123

#### 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.

## **BitRush Corp.**

Notes to the Unaudited Condensed Interim Financial Statements  
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### **7. Other Liabilities (continued)**

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. As at and during the three months ended March 31, 2020, the outstanding user balance of 11.14507911 BTC were measured at the fair value of \$158,462, and a fair value decrease of \$2,885 had been recorded in profit or loss.

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 Buyer assumed all user BTC balances totalling 11.16590343 BTC and Ad Credit balances valued at 6.14876311 BTC of Ad Credit.

### **8. Loans Payable**

#### *Secured loan*

On March 21, 2021, the Company entered into a Bitcoin-backed loan and security agreement with a lender (the "Lender") and received proceeds of \$134,474 (USD\$107,000) (the "Loan") from the Lender. The Loan is secured by the Company's investments in cryptocurrency into the Lender's cryptocurrency wallet, bears interest at a rate of 12% per annum and matures on March 21, 2022.

As at March 31, 2021, the total outstanding balance under the Loan was \$135,039, including accrued interest of \$487. On inception of the Loan, a loan administration fee of \$2,689 (USD\$2,140) was charged by the Lender and was recorded in profit or loss.

#### *Other loan*

On February 4, 2021, the Company received an advance of \$16,032 from an arm's length third party. As at March 31, 2021, the advance of \$16,032 was recorded as a loan payable on the unaudited condensed interim statements of financial position. The advance outstanding is unsecured, non-interest bearing and due on demand.

### **9. 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, the balance remaining on the CEBA Loan automatically converted 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.

## BitRush Corp.

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### 9. Long-Term Debt (continued)

The CEBA Loans were measured at an aggregate present value of \$59,323 on initial recognition. During the three months ended March 31, 2021, accretion of \$670 had been recorded in profit or loss.

### 10. 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 March 31, 2021 and December 31, 2020:

	<b>March 31, 2021</b>	December 31, 2020
	\$	\$
Issued: 89,809,234 common shares	<b>4,382,211</b>	4,382,211

There were no share capital transactions during the three months ended March 31, 2021 and 2020.

### 11. Stock Options

The Company's stock option plan (the "Option 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 Option 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 Option Plan is limited to 10% of the issued and outstanding common shares. As at March 31, 2021, the Company has 6,480,923 common shares that are issuable under the Option Plan.

No options were granted, exercised, expired, cancelled or forfeited during the three months ended March 31, 2021 and 2020.

The following table summarizes information of options outstanding and exercisable as at March 31, 2021:

<b>Date of expiry</b>	<b>Number of options outstanding &amp; exercisable</b>	<b>Exercise price</b>	<b>Weighted average remaining life</b>
	#	\$	Years
April 22, 2021	2,500,000	0.10	0.06
	<b>2,500,000</b>	<b>0.10</b>	<b>0.06</b>

### 12. Warrants

The following table summarizes information of warrants outstanding as at March 31, 2021:

<b>Date of expiry</b>	<b>Number of options outstanding</b>	<b>Exercise price</b>	<b>Weighted average remaining life</b>
	#	\$	Years
October 25, 2022	2,889,260	0.10	1.57
	<b>2,889,260</b>	<b>0.10</b>	<b>1.57</b>

## BitRush Corp.

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### 13. 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 three months ended March 31, 2021 and 2020 were as follows:

	2021	2020
	\$	\$
Consulting and management fees	22,500	22,500
Professional fees	6,000	4,625
	28,500	27,125

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 three months ended March 31, 2021, Just In-Genius charged \$22,500 (2020 – \$22,500) for consulting services provided to the Company, which are included in management fees.

As at March 31, 2021, an aggregate amount of \$51,046 (December 31, 2020 – \$72,824), 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. During the three months ended March 31, 2021, the Company also received an advance of \$2,500 from Just In-Genius. As at March 31, 2021, total advances of \$3,500 (December 31, 2020 – \$1,000) owing to Just In-Genius was recorded as due to related parties on the unaudited condensed interim statements of financial position. The advances outstanding are unsecured, non-interest bearing and due on demand.

During the three months ended March 31, 2021, Branson Corporate Services Ltd. (“Branson”), where the Company’s Chief Financial Officer (“CFO”) is employed, charged \$6,000 (2020 – \$4,625) for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at March 31, 2021, an amount of \$46,563 (December 31, 2020 – \$42,831) 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 previously 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. As at March 31, 2021, total advances of \$69,500 (December 31, 2020 – \$69,500) owing to HSRC was recorded as due to related parties on the unaudited condensed interim statements of financial position. The advances outstanding are unsecured, non-interest bearing and due on demand.

### 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 March 31, 2021, the Company’s capital consists of share capital, reserve in share-based payments, accumulated deficit and accumulated comprehensive income.

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### 14. Capital Risk Management (continued)

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 three months ended March 31, 2021 and the year ended December 31, 2020.

The Company is not subject to externally imposed capital requirements.

### 15. Risk Management

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with a reputable Canadian chartered bank, 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 March 31, 2021, the Company had a cash balance of \$114,271 (December 31, 2020 – \$20,037) to settle current liabilities of \$460,108 (December 31, 2020 – \$337,623).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at March 31, 2021:

	Carrying amount	Contractual maturities		
		Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable	236,037	236,037	-	-
Loans payable	151,071	151,071	-	-
Long-term debt	59,963	-	59,963	-

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.

#### *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, loans payable, amounts due to related parties and long-term debt. The fair value of cash, accounts payable, loans payable, and amounts due to related parties are approximately equal to their carrying value due to their short-term nature.

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### 15. Risk Management (continued)

*Fair value (continued)*

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	114,271	-	-	114,271

As at March 31, 2021, 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 three months ended March 31, 2021 and 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 Ontario Superior Court of Justice (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.

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### **16. Contingencies (continued)**

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**

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

On May 21, 2021, the OSC has granted an order fully revoking the CTO issued on December 2, 2016.

On May 23, 2021, the Company disposed of 3.50081676 BTC to repay the outstanding balance of USD\$111,356 on the Loan.