

FORM 51-102F3

MATERIAL CHANGE REPORT UNDER SECTION 7.1(1) OF NATIONAL INSTRUMENT 51-102 AND SECTION 5.2 OF MULTILATERAL INSTRUMENT 61-101

1. **Name and Address of Company**

BitRush Corp. (the "**Company**")
77 King Street West, Suite 2905,
Toronto, Ontario M5K 1H1

2. **Date of Material Change**

July 30, 2021.

3. **News Release**

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Accesswire in Toronto, Ontario on July 30, 2021.

4. **Summary of Material Change**

On July 30, 2021 the Company announced that it had completed certain shares-for-debt issuances from treasury to creditors in full satisfaction of debts owed to such creditors (the "**Shares-for-Debt Issuances**" or the "**Transactions**") for accrued and invoiced but unpaid fees for bona fide services provided to the Company by the creditors, loans made to the Company by the creditors and/or reimbursement of certain expenses paid for by the creditors on behalf of the Company, as the case may be as it relates to the particular creditor. The material change is further described in the Company's news release attached hereto as Schedule "A", which is incorporated in this report.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

In addition to the information included in this report pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*, certain of the following disclosure is required under Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions* ("**MI 61-101**") with respect to the issuances to: (i) Edward Boyd ("**Boyd**"), a director of the Company, of 1,000,000 common shares of the Company (each, a "**Common Share**"); (ii) Just In-Genius Inc. ("**Just**"), a company wholly-owned by Karsten Arend, the President and Chief Executive Officer and a Director of the Company, of 3,944,678 Common Shares; and (iii) Hansjoerg Wagner ("**Wagner**"), a director of the Company of 1,390,000 Common Shares. All such persons are collectively referred to herein as the "**Insiders**".

(a) a description of the transaction and its material terms:

On July 30, 2021, the Company completed the Shares-for Debt Issuances pursuant to the terms of Debt Settlement Agreements dated July 30, 2021 entered into between the Company and each creditor whereby each creditor agreed to extinguish their debt in exchange for Common Shares at a price of \$0.05 per share.

(b) the purpose and business reasons for the "related party" transactions:

The Shares-for-Debt Issuances to the Insiders are considered a “related party transactions” for the purposes of MI 61-101. The Shares-for-Debt Issuances were completed for purposes of conserving cash and to place the Company in a better position to raise capital in the future.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

See paragraph 5(b) above.

(d) a description of:

i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Prior to the completion of the Transactions in which Boyd acquired 1,000,000 Common Shares as described above, Boyd did not have beneficial ownership of, or exercised control or direction over, any Common Shares. After giving effect to the Transactions, Boyd has beneficial ownership of, or exercises control or direction over, 1,000,000 Common Shares, representing approximately 1.0% of the current number of issued and outstanding Common Shares being 96,848,607 Common Shares, calculated on a partially and non-diluted basis.

Prior to the completion of the Transactions in which Wagner acquired 1,390,000 Common Shares as described above, Wagner (personally and together with HSRC Investment Pte Ltd. (“HSRC”), a company of which Wagner is a director), had beneficial ownership of, or exercised control or direction over, 34,600,000 Common Shares representing approximately 38.5% of the 89,809,234 Common Shares then issued and outstanding, calculated on a partially and non-diluted basis. After giving effect to the Transactions, Wagner, directly and indirectly, has beneficial ownership of, or exercises control or direction over, 35,990,000 Common Shares, representing approximately 37.2% of the current number of issued and outstanding Common Shares being 96,848,607 Common Shares, calculated on a partially and non-diluted basis.

Prior to the completion of the Transactions in which Just acquired 3,944,678 Common Shares as described above, Just (together with Karsten Arend, a director of Just) had beneficial ownership of, or exercised control or direction over, 4,870,000 Common Shares representing approximately 5.4% of the 89,809,234 Common Shares then issued and outstanding, calculated on partially and non-diluted basis. After giving effect to the Transactions, Just, directly and indirectly, has beneficial ownership of, or exercises control or direction over, 8,814,678 Common Shares representing approximately 9.1% of the current number of issued and outstanding Common Shares being 96,848,607 Common Shares, calculated on a partially and non-diluted basis.

ii. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company identified as an “interested party” in subparagraph (i) for which there would be a material change in that percentage:

See subparagraph 5(d)i. above.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any

materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The Transactions were approved pursuant to resolutions unanimously passed by the board of directors of the Company in accordance with applicable law. There were no contrary views or disagreements in respect of the matters contemplated by the Transactions and the participation of the Insiders in the Shares-for-Debt Issuances.

- (f) **a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- i. **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- ii. **the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction**

The Share-for-Debt Issuances were completed in accordance with, and pursuant to, the terms of Debt Settlement Agreements entered into between the Company and each creditor, including the Insiders. Such agreements contain typical terms and conditions for such agreements, including the agreement of each creditor to accept such number of Common Shares at a price of \$0.05 per share in full and final satisfaction of their respective debt owed to each of them by the Company and standard representations and warranties made by each creditor.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions**

With respect to the issuance of the Common Shares to the Insiders, the Company is exempted from the requirements under MI 61-101 of having to perform a formal valuation and obtain minority shareholder approval pursuant to subsections 5.5(a) and 5.7(a) of MI 61-101, respectively.

Valuation Exemption

The issuance of the Common Shares to the Insiders in the Shares-for-Debt Issuances was exempt from the formal valuation requirements of MI 61-101 pursuant to the exemption set out in subsection 5.5(a) of Mi 61-101 as, at the date hereof, being the date the Shares-for-Debt Issuances were agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Shares-for-Debt Issuances insofar as it involves the

Insiders, exceeds 25% of the market capitalization of the Company (calculated in accordance with MI 61-101).

Shareholder Approval Exemption

The issuance of the Common Shares to the Insiders was exempt from the minority shareholder approval requirements of MI 61-101 pursuant to the exemption set out in paragraph 5.7(a) of MI 61-101 which provides that this exemption applies in the event the circumstances described in paragraph (a) of section 5.5 of MI 61-101 apply. As stated above, such circumstances apply.

5.2. Disclosure for Restructuring Transactions

Not applicable.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

The following is the name and telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Karsten Arend
President, Chief Executive Officer and a Director
647.660.8703
info@bitrush.com

9. **Date of Report**

July 30, 2021.

SCHEDULE "A"

BITRUSH CORP. COMPLETES DEBT SETTLEMENTS

TORONTO, ONTARIO, July 30, 2021 – BitRush Corp. (CSE:BRH, Frankfurt:0XSN) ("**BitRush**" or the "**Company**") is pleased to announce that it has completed certain shares-for-debt issuances from treasury to creditors in full satisfaction of debts owed to such creditors (the "**Shares-for-Debt Issuances**") for accrued and invoiced but unpaid fees for bona fide services provided to the Company by the creditors, loans made to the Company by the creditors and/or reimbursement of certain expenses paid for by the creditors on behalf of the Company, as the case may be as it relates to the particular creditor. In the Shares-for-Debt Issuances, approximately \$351,968 of debt was exchanged for 7,039,373 Common Shares, representing an exchange price of \$0.05 per share. Such Shares-for-Debt Issuances were completed pursuant to the terms of Debt Settlement Agreements entered into between the Issuer and each creditor dated as of the date hereof.

Certain related parties of the Company acquired 6,334,678 Common Shares in the Share-for-Debt Issuances, each of which constitutes a "related party transaction" for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company has relied on the exemptions contained in sections 5.5(a) and 5.7(a) of MI 61-101 from the formal valuation and minority shareholder approval requirements in MI 61-101, respectively, in respect of such related parties' participation in the Share-for-Debt Issuances, as at the date hereof, being the date the Shares-for-Debt Issuances were agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Shares-for-Debt Issuances insofar as it involves the related parties, exceeds 25% of the market capitalization of the Company (calculated in accordance with MI 61-101).

The common shares received by each creditor in the Shares-for-Debt Issuances is subject to a hold period expiring on December 1, 2021.

The common shares in the capital of the Company are currently listed on the Canadian Securities Exchange ("**CSE**"); however such shares remain suspended from trading in accordance with the rules of the CSE, and such suspension will continue until such time as the Company effectively meets certain listing requirements of the CSE for trading in the common shares to resume. There is no guarantee that the Company will be able to meet such requirements in a timely manner, if at all, or that trading in the common shares will resume.

Karsten Arend

CEO, President and Director

For further information, contact Karsten Arend at (647) 660-8703 or info@bitrush.com.