



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**  
**(EXPRESSED IN CANADIAN DOLLARS)**

## **BitRush Corp.**

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2021

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The following Management's Discussion and Analysis ("MD&A") constitutes management's assessment of the factors that affected the financial condition and results of operations of BitRush Corp. ("BitRush", "We" or the "Company") for the three and nine months ended September 30, 2021.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. This MD&A is supplemental to, and should be read in conjunction with the unaudited condensed interim financial statements and related notes of the Company for the three and nine months ended September 30, 2021 and 2020 (the "Q3 2021 Financial Statements"), as well as the audited financial statements of the Company for the year ended December 31, 2020. The Q3 2021 Financial Statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In preparing this MD&A, management has taken into account information available up to November 11, 2021, and all figures are expressed in Canadian Dollars ("\$" or "CAD") unless stated otherwise.

### **Cautionary Note Regarding Forward-Looking Statements**

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

Factors which could cause actual results to differ materially from current expectations include, but are not limited to: the expectations and assumptions based on which the Company's strategies are founded on; the Company's ability to meet its working capital needs for the 12-months period ending September 30, 2022, including the cost and potential impact in complying with existing and proposed laws and regulations; and the continued impact of the novel coronavirus ("COVID-19") pandemic to the Company's strategies and operations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

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

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

### **Description of Business**

BitRush was incorporated under the laws of the Province of Ontario and is governed by the Business Corporations Act (Ontario). The Company previously operated an online advertising platform ("AdBit") which used Bitcoin ("BTC") as a payment method, which has since been disposed of. The Company is currently looking to adopt a new

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business plan or an acquisition. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "BRH" but are currently suspended from trading.

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

### *Cease Trade Order Revocation*

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

On May 21, 2021, the OSC has granted an order (the "Revocation Order") fully revoking the CTO issued on December 2, 2016. Notwithstanding the Revocation Order, the Company's common shares remain suspended from trading in accordance with the rules of the CSE which will continue until such time as the Company meets the requirements of the CSE for trading in the common shares to resume.

### **Outlook and Strategy**

As the CTO has now been fully revoked, the Company has been evaluating new developments in the ad tech, artificial intelligence and other technology spaces as well as the public markets. The other main order of business is to resume the trading of the Company's common shares on the CSE and its operations.

As the Board of Directors (the "Board") and management are working closely to assess all types of opportunities, the Company will likely continue in the tech space and intends on raising capital in the near future. The Company believes that a well vetted opportunity will be available for the Company to build on. BitRush also intends on changing its name and ticker symbol as the CTO is lifted. As the first step of the overall plan, the Company completed certain debt settlement with creditors in order to improve its financial position in July 2021, with the objective of improving its solvency and liquidity position.

On August 19, 2021, the Company also hosted its Annual General and Special Meeting of Shareholders. Karsten Arend, the Chief Executive Officer ("CEO") of BitRush, Hansjoerg Wagner, and Edward (Ted) Boyd were all re-elected as directors.

On August 19, 2021, the Company also adopted an omnibus equity incentive plan (the "Omnibus Incentive Plan"), which replaced the existing option plan. The Omnibus Incentive Plan will be administered by the Board (or a committee thereof) and will provide that the Board may from time to time, in its discretion, and in accordance with CSE requirements or any other stock exchange on which the common shares are listed, grant to eligible participants, non-transferable awards which will include options, restricted share units, deferred share units and performance share units. Subject to adjustment, the number of common shares reserved for issuance to participants under the Omnibus Incentive Plan, together with common shares reserved for issuance under any other share compensation arrangements of the Company, shall not exceed 20% of the total number of common shares issued and outstanding.

During the current COVID-19 pandemic, the Board and management had been sensitive to changes in the economy and most businesses. We are also actively looking for opportunities to take advantage of the ever-changing landscape. The Board and management will disclose any future plans for the Company if and when they have been decided upon. With the Board firmly in place, the Company will also consider adding strength and vision to its ranks by seeking additional board members, advisors and team members who will assist in implementing and executing the future plans of the Company.

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### Financial Information

#### *Selected quarterly financial results*

Selected financial information for the previous eight quarters as follows:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
	\$	\$	\$	\$
Operating expenses	(62,620)	(288,024)	(51,184)	(57,585)
Other income (expenses)	24,632	193,171	(473)	248,891
Net income (loss)	(37,988)	(94,853)	(51,657)	191,416
Income (loss) per share – basic and diluted	(0.000)	(0.001)	(0.001)	0.004
Comprehensive income (loss)	-	(368,081)	163,087	97,163

  

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	\$	\$	\$	\$
Operating expenses	(44,327)	(46,809)	(71,241)	(42,499)
Other income (expenses)	(31,771)	(57,794)	2,885	27,695
Net loss	(76,098)	(104,713)	(68,356)	(14,804)
Loss per share – basic and diluted	(0.002)	(0.002)	(0.001)	(0.001)
Comprehensive income (loss)	8,683	14,429	(10,134)	-

### Financial Results for the Three Months ended September 30, 2021

#### *Results of operations*

During the three months ended September 30, 2021 (“Q3 2021”) and 2020, the Company did not generate any revenues due to inactive operations. As discussed in the “Outlook and Strategy” section, the Company is currently looking at suitable opportunities with an objective to re-launching its operations.

During Q3 2021, the Company incurred total operating expenses of \$62,620 (2020 – \$44,327). The increase in operating expenses in Q3 2021 is primarily due to an increase in professional fees of \$23,670, to \$35,246 (2020 – \$11,576), as the Company explores new business opportunities now that the CTO has been revoked. On the other hand, the Company reduced its general and administrative expenses by \$5,299, to \$1,836 (2020 – \$7,135), as management is working to minimize all discretionary spending related to the running of its day-to-day operations.

During Q3 2021, the Company recorded total other income of \$24,632, as compared to total other expenses incurred of \$31,771. In the current period, an arm's length third party forgave an advance that was previously provided to the Company. As such, the Company recorded a debt forgiveness amount of \$24,618 during the period. In the comparative period in 2020, the Company recorded a fair value change of \$31,958 in the form of an increase in the fair value of other liabilities which it had since disposed of.

Net loss for Q3 2021 was \$37,988 (loss of \$0.000 per share on a basic and diluted basis), as compared to a net loss of \$76,098 (loss of \$0.001 per share on a basic and diluted basis) in the comparative period in 2020.

#### *Cash flows*

Net cash used in operating activities during Q3 2021 was \$28,284, as compared to net cash used in operating activities of \$32,282 in the comparative period in 2020. The decrease in operating spending was due to a cash management process out in place in order to minimize discretionary spending.

During Q3 2021, the Company did not participate in any financing activities. During the comparative period in 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, as well as an advance of \$10,000 from a related party.

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Net cash provided by investing activities in Q3 2021 was \$40,285, in the form of the proceeds received on the disposals of investments in cryptocurrency which was sold toward the end of the prior quarter. In Q3 2020, the Company did not undertake any investing activities.

### **Financial Results for the Nine Months ended September 30, 2021**

#### *Results of operations*

During the nine months ended September 30, 2021, the Company did not generate any revenues due to inactive operations. The Company continued to focus its efforts on the revocation, while it is evaluating suitable business opportunities with an objective to re-launch its operations.

During the nine months ended September 30, 2021, the Company incurred total operating expenses of \$401,828 (2020 – \$162,377). The substantial increase in operating expenses in the period is primarily due to an increase in management fees of \$125,000, to \$192,500 (2020 – \$67,500), including a one-time fee of \$125,000 related to work performed from 2016 to 2021 (2020 – \$nil), for consulting services provided by the CEO to the Company. The increase also included an increase in professional fees of \$101,063, to \$157,840 (2020 – \$56,777), and an increase in filing fees of \$34,908, to \$44,507 (2020 – \$9,599), as significant efforts were spent to ensure that the Company was able to lift the CTO, for which the revocation was granted by the OSC in May 2021. On the other hand, the Company reduced its general and administrative expenses by \$21,520, to \$6,981 (2020 – \$28,501), as the Company had been prudent, in terms of managing and minimizing its discretionary spending related to the running of its day-to-day operations.

During the nine months ended September 30, 2021, the Company recorded total other income of \$217,330, as compared to total other expenses incurred of \$86,680 in the comparative period. In the current period, the Company disposed of its investments in cryptocurrency for a gain of \$124,602 (2020 – \$nil). The Company also recorded total debt forgiveness of \$97,517, primarily comprised of \$79,411 recoverable due to exceeding statute barred limitations for collection, and an advance of \$16,032 forgiven by an arm's length third party. In the current period, interest expense of \$4,789 (2020 – \$nil) was recorded on loans. In the comparative period in 2020, the Company recorded a fair value change of \$86,867 in the form of an increase in other liabilities which it had since disposed of.

Net loss for the nine months ended September 30, 2021 was \$184,498 (loss of \$0.002 per share on a basic and diluted basis), as compared to a net loss of \$249,057 (loss of \$0.003 per share on a basic and diluted basis) in the comparative period in 2020.

The Company's 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 – Intangible Assets, 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. As at September 30, 2021, the Company had disposed of its investments in cryptocurrency. During the nine months ended September 30, 2021, a revaluation loss on the investments in cryptocurrency of \$110,141 (2020 – revaluation gain of \$12,978) had been recorded in other comprehensive income.

#### *Cash flows*

Net cash used in operating activities during the nine months ended September 30, 2021 was \$188,795, as compared to net cash used in operating activities of \$161,500 in the comparative period in 2020. The increase in operating spending was due to payments made to certain of the Company's consultants and suppliers, including legal fees paid to complete the revocation process. These services remained essential to the business although the Company remained currently inactive. The increase in the use of cash in operating activities for the current period was also attributed to new business opportunities being assessed, while partially offset by refunds received on Harmonized Sales Tax and further deferral of suppliers' balances.

Net cash provided by financing activities during the nine months ended September 30, 2021 was \$150,506. In order to fund its operations, the Company entered into a secured loan (the "Loan") with a lender and received proceeds of \$134,474 (USD\$107,000). The Company also received an advance of \$16,032 from an arm's length third party, which has since been forgiven. During the comparative period in 2020, the Company received \$40,000 in CEBA Loan from

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the Government of Canada under the CEBA COVID-19 Economic Response Plan, as well as an advance of \$10,000 from a related party.

During the nine months ended September 30, 2021, the Company received \$40,285, in the form of proceeds on the disposals of investments in cryptocurrency which was sold toward the end of the second quarter. In the comparative period in 2020, the Company purchased 4.37549234 BTC for \$49,990.

### Working Capital and Liquidity Outlook

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

As at September 30, 2021, the Company had total current assets of \$67,170 (December 31, 2020 – \$49,703), including cash of \$22,033 (December 31, 2020 – \$20,037) to settle current liabilities of \$137,670 (December 31, 2020 – \$337,623), for a working capital deficiency of \$70,500 (December 31, 2020 – working capital deficiency of \$287,920).

In 2020, the Company focused its efforts in further reducing its liabilities under a prudent cash management approach. The approach had continued into 2021. In May 2021, the Company paid off the total outstanding balance under the Loan of \$134,307 (USD \$111,356), including accrued interest of \$2,673 (USD \$2,216) and a loan administration fee of \$2,581 (USD\$ 2,140) through the disposal of 3.50081676 BTC. In July 2021, the Company completed the certain shares-for-debt issuances (the "Shares-for-Debt Issuances") in order to improve its solvency and liquidity position. With the Share-for-Debt Issuances in place, management believes there will be sufficient capital in order to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at period-end. Nevertheless, management understands that the Company is dependent on additional capital by way of financing in 2021.

### Related Party Transactions

#### *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 and nine months ended September 30, 2021 and 2020 were as follows:

	<b>Three Months ended September 30, 2021</b>	Three Months ended September 30, 2020	<b>Nine Months ended September 30, 2021</b>	Nine Months ended September 30, 2020
Management fees	\$ <b>22,500</b>	\$ 22,500	\$ <b>192,500</b>	\$ 67,500
Professional fees	<b>15,000</b>	4,125	<b>87,000</b>	12,875
	<b>37,500</b>	26,625	<b>279,500</b>	80,375

On November 1, 2019, the Company and Just In-Genius Inc. ("Just In-Genius"), an entity controlled by Mr. Arend, the President, 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 and nine months ended September 30, 2021, Just In-Genius charged \$22,500 and \$192,500 including a one-time fee of \$125,000 related to work performed from 2016 to 2021 (2020 – \$22,500 and \$67,500), respectively, for consulting services provided to the Company, which are included in management fees.

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As at September 30, 2021, an aggregate amount of \$29,034 (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. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and nine months ended September 30, 2021, Branson Corporate Services Ltd. (“Branson”), where Keith Li, the Company’s Chief Financial Officer (“CFO”) is employed, charged \$15,000 and \$87,000 (2020 – \$4,125 and \$12,875), respectively, for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at September 30, 2021, an amount of \$50,850 (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.

During the three and nine months ended September 30, 2021, Mr. Boyd, a director of the Company, charged a one-time success fee of \$nil and \$50,000 (2020 – \$nil and \$nil), respectively, to the Company, which are included in professional fees. The balance was settled through the issuance of 1,000,000 common shares of the Company in pursuant to the Shares-for-Debt Issuance. As at September 30, 2021, no balance was owed to the director (December 31, 2020 – \$nil).

#### *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 a principal. On July 30, 2021, the Company entered into the Shares-for-Debt Issuances with Mr. Wagner and HSRC, as debts of \$69,500 previously owed to HSRC were settled and exchanged for 1,390,000 common shares based on the exchange price of \$0.05 per share.

On July 30, 2021, the Company also entered into the Shares-for-Debt Issuances with Just In-Genius and Branson, as aggregate amounts for outstanding fees for services of \$229,439, were settled and exchanged for 3,944,648 common shares for Just In-Genius and 644,100 common shares to Branson, respectively, based on the exchange price of \$0.05 per share.

## **Capital 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 September 30, 2021, the Company’s capital consists of share capital, reserve in share-based payments, and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company’s capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2021 and the year ended December 31, 2020.

The Company is not subject to externally imposed capital requirements.

## **Financial Instruments**

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company’s risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

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### *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 cash is minimal. The maximum exposure to credit risk at period-end is limited to the amounts 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 September 30, 2021, the Company had a cash balance of \$22,033 (December 31, 2020 – \$20,037) to settle current liabilities of \$137,670 (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 September 30, 2021:

	Carrying amount	Contractual maturities		
		Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable	137,670	137,670	-	-
Long-term debt	60,000	-	60,000	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

During the nine months ended September 30, 2021, the Company completed the Shares-for-Debt Issuances in order to improve its solvency and liquidity position. With the Shares-for-Debt Issuances in place, management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flows requirements from operations and the Company's cash position as at period-end. However, management understands that the Company is dependent on additional capital in order to fund its operations for the next 12 months.

### *Cryptocurrency risk*

The Company is no longer 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 previously adjusted 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, amounts due to related parties and long-term debt. The fair value of cash, accounts payable, and amounts due to related parties are approximately equal to their carrying value due to their short-term nature.



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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	22,033	-	-	22,033

As at September 30, 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 nine months ended September 30, 2021 and the year ended December 31, 2020.

### Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These are described in greater detail in Note 2.4 to the Company's Q3 2021 Financial Statements.

### Summary of Significant Accounting Policies

The significant accounting policies used by the Company are described in greater detail in Note 3 to the Company's Q3 2021 Financial Statements, as well as its audited financial statements for the year ended December 31, 2020.

### Contingencies

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

On December 7, 2016, the Company's Board terminated the Former CEO for being in breach of his fiduciary duty to the Company. Motions were subsequently filed with the 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

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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.

### Issued and Outstanding Share Capital

As at November 11, 2021, the number of common shares of the Company outstanding and issuable pursuant to other outstanding securities of BitRush are as follows:

<b>Common Shares</b>	<b>Number Outstanding</b>
Issued and outstanding	96,848,607
Issuable under warrants	2,889,260

### Off-Balance Sheet Arrangements

As at September 30, 2021 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

### Risk Factors

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

#### *Additional financing*

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

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

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### *Volatile global financial and economic conditions*

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

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

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

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

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

### *Limited market for securities*

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

### *Operating risk and insurance coverage*

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

### *Reliance on management*

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

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### *Reliance on information technology and vulnerability to cyber-attacks*

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

### *Management of growth*

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

### *Internal controls*

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

### *Liability for activity of employees, contractors and consultants*

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

### *Disruption of business*

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

### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in business and consumer activity. While these effects are

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expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

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

### **Disclosure of Internal Controls over Financial Reporting**

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

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

### **Management's Responsibility for Financial Information**

Management is responsible for all information contained in this MD&A. The Company's financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Company's Q3 2021 Financial Statements in all material aspects.

The Audit Committee has reviewed the Q3 2021 Financial Statements and this MD&A with management of the Company. The Board has approved the Q3 2021 Financial Statements and this MD&A on the recommendation of the Audit Committee.

### **Approval**

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

### **Additional Information**

Additional information relating to BitRush can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com), or its website at [www.bitrush.com](http://www.bitrush.com).

**November 11, 2021**

Karsten Arend  
Chief Executive Officer