BITRUSH

Unaudited Condensed Interim Financial Statements

For the Three and Six Months Ended June 30, 2022 and 2021

(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 the Company.

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 June 30, 2022 and December 31, 2021
(Expressed in Canadian Dollars)

	As at June 30, 2022	As at December 31, 2021
	$	$
Assets		
Current Assets		
Cash	**67,903**	99,016
Amounts receivable (Note 4)	**5,810**	49,179
Prepaid expenses	**1,604**	4,839
Total Assets	**75,317**	153,034
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	**155,340**	132,133
Long-term debt – current portion (Note 8)	**59,960**	-
Total Current Liabilities	**215,300**	132,133
Long-term debt (Note 8)	**-**	59,920
Total Liabilities	**215,300**	192,053
Shareholders' Deficiency		
Share capital (Note 9)	**4,883,249**	4,883,249
Reserve for share-based payments (Note 10)	**122,688**	93,829
Contributed surplus	**42,058**	42,058
Accumulated deficit	**(5,187,978)**	(5,058,155)
Total Shareholders' Deficiency	**(139,983)**	(39,019)
Total Liabilities and Shareholders' Deficiency	**75,317**	153,034

Nature of operations and going concern (Note 1)
Subsequent event (Note 15)

Approved on behalf of the Board of Directors:

"Karsten Arend" (signed)
Director

"Harold Morgan" (signed)
Director

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

BitRush Corp.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Three Months ended June 30, 2022	Three Months ended June 30, 2021	**Six Months ended June 30, 2022**	Six Months ended June 30, 2021
	$	$	**$**	$
Expenses				
Management fees (Note 12)	**22,500**	147,500	**45,000**	170,000
Professional fees (Note 12)	**21,781**	104,586	**42,181**	122,594
Stock-based compensation (Note 10)	**4,235**	-	**28,859**	-
General and administrative	**2,384**	659	**6,923**	5,145
Filing fees	**2,280**	35,279	**6,920**	41,469
Total Expenses	**(53,180)**	(288,024)	**(129,883)**	(339,208)
Other Items				
Gain on disposals of cryptocurrency investment (Note 5)	**-**	124,602	**-**	124,602
Debt forgiveness (Note 6)	**-**	70,825	**-**	70,825
Interest expense (Note 8)	**(712)**	(2,947)	**(1,415)**	(4,104)
Other income	**692**	691	**1,475**	1,375
Total Other Items	**(20)**	193,171	**60**	192,698
Net Loss	**(53,200)**	(94,853)	**(129,823)**	(146,510)
Other Comprehensive Loss				
Change in fair value of cryptocurrency investment (Note 5)	**-**	(273,228)	**-**	(110,141)
Comprehensive Loss	**(53,200)**	(368,081)	**(129,823)**	(256,651)
Weighted Average Number of Shares Outstanding				
Basic and diluted	**99,848,607**	89,809,234	**99,848,607**	89,809,234
Net Loss per Share				
Basic and diluted	**(0.001)**	(0.001)	**(0.001)**	(0.002)

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 and Six Months Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Three Months ended June 30, 2022	Three Months ended June 30, 2021	**Six Months ended June 30, 2022**	Six Months ended June 30, 2021
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(53,200)**	(94,853)	**(129,823)**	(146,510)
Adjustments for non-cash items:				
Gain on disposals of cryptocurrency investment (Note 5)	**-**	(124,602)	**-**	(124,602)
Gain on loan forgiveness (Note 8)	**(691)**	(71,516)	**(1,375)**	(72,200)
Interest on loans and long-term debt (Note 8)	**711**	677	**1,414**	1,834
Stock-based compensation (Note 10)	**4,235**	-	**28,859**	-
Foreign exchange gain	**-**	(733)	**-**	(654)
	(48,945)	(291,027)	**(100,925)**	(342,132)
Changes in non-cash working capital:				
Amounts receivables	**1,135**	(28,135)	**43,369**	(5,561)
Prepaid expenses	**1,618**	846	**3,235**	1,691
Accounts payable and accrued liabilities	**26,822**	216,577	**23,208**	185,491
Cash Flows (used in) Operating Activities	**(19,370)**	(101,739)	**(31,113)**	(160,511)
Financing Activities				
Proceeds from secured loan (Note 7)	**-**	-	**-**	134,474
Proceeds on loan from third party (Note 7)	**-**	-	**-**	16,032
Repayment to related parties	**-**	(2,500)	**-**	-
Cash Flows provided by (used in) Financing Activities	**-**	(2,500)	**-**	150,506
Decrease in cash	**(19,370)**	(104,239)	**(31,113)**	(10,005)
Cash, beginning of period	**87,273**	114,271	**99,016**	20,037
Cash, end of period	**67,903**	10,032	**67,903**	10,032
Supplemental Information				
Secured loan settled with proceeds from disposals of Investments in cryptocurrency (Notes 5 and 7)	**-**	134,307	**-**	134,307

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

BitRush Corp.

Unaudited Condensed Interim Statements of Changes in Shareholders' Deficiency
For the Six Months Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-Based Payments	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	#	$	$	$	$	$	$
Balance, December 31, 2020	**89,809,234**	**4,382,211**	**250,453**	**42,058**	**(4,972,628)**	**110,141**	**(187,765)**
Expiry of stock options (Note 10)	-	-	(156,624)	-	156,624	-	-
Net loss for the period	-	-	-	-	(146,510)	-	(146,510)
Change in fair value of cryptocurrency investments (Note 5)	-	-	-	-	-	(110,141)	(110,141)
Balance, June 30, 2021	**89,809,234**	**4,382,211**	**93,829**	**42,058**	**(4,962,514)**	**-**	**(444,416)**
Balance, December 31, 2021	**99,848,607**	**4,883,249**	**93,829**	**42,058**	**(5,058,155)**	**-**	**(39,019)**
Stock-based compensation (Note 10)	-	-	28,859	-	-	-	28,859
Net loss for the period	-	-	-	-	(129,823)	-	(129,823)
Balance, June 30, 2022	**99,848,607**	**4,883,249**	**122,688**	**42,058**	**(5,187,978)**	**-**	**(139,983)**

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

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 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 was previously subject to a cease trade order (the "CTO") imposed by the Ontario Securities Commission (the "OSC") on December 2, 2016. Since the issuance of the CTO, the Company's activities had been minimal. The Company currently 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. On May 21, 2021, the OSC had granted BitRush an order fully revoking the CTO. While the Company's objective is to resume its operations, it is dependent on its ability to obtain the necessary financing to develop and establish a future development into a profitable commercial operation. As at June 30, 2022, the Company had an accumulated deficit of $5,187,978 (December 31, 2021 – 5,058,155).

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 novel coronavirus ("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, 2021, 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 August 26, 2022.

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

2.4 Significant Accounting Judgments and Estimates

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

Going concern

At each reporting period, management exercises judgment in assessing the Company’s ability to continue as a going concern by reviewing the Company’s performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management’s strategic planning. The assumptions used in management’s going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company’s business obligations for at least the next 12 months, after taking into account expected cash flows, future financings and the Company’s cash position at period-end.

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.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model (“Black-Scholes”). 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.

2. Basis of Presentation (continued)

2.4 Significant Accounting Judgments and Estimates (continued)

Income taxes (continued)

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.

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, 2021, unless otherwise noted below.

3.1 Changes in Accounting Policies

The Company adopted the following amendments, effective January 1, 2022. There was no material impact upon adoption of these amendments on the Company's unaudited condensed interim 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.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. The Company early-adopted these amendments as 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 with any changes in value recorded as other comprehensive loss.

On May 23, 2021, the Company disposed of 3.50081676 BTC to pay off the outstanding balance under the Loan (defined hereafter) of $134,307 (USD $111,356) with a lender (the "Lender"), a cryptocurrency digital products platform based in Toronto, Ontario. On June 29, 2021, the Company disposed of the remaining BTC for $40,285.

During the three and six months ended June 30, 2021, the Company recorded a gain of $124,602 and $124,602 on the disposals of the investments in cryptocurrency, respectively. A revaluation loss on the investments in cryptocurrency of $110,141 and $273,228, respectively, had also been recorded in other comprehensive loss.

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are primarily 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.

	June 30, 2022	December 31, 2021
	$	$
Trade payable	**133,979**	104,633
Accrued liabilities	**21,361**	27,500
	155,340	132,133

7. Loans Payable

Secured loan

On March 21, 2021, the Company entered into a Bitcoin-backed loan and security agreement with the Lender and received proceeds of $134,474 (USD $107,000) (the "Loan") from the Lender. The Loan was 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.

On May 23, 2021, 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) was paid off through the disposal of 3.50081676 BTC.

Other loan

On February 4, 2021, the Company received an advance of $16,032 from an arm's length third party. As at June 30, 2021, the advance of $16,032 was recorded as a loan payable on the statements of financial position. On July 13, 2021, the arm's length third party had agreed to forgo the advance.

8. Long-Term Debt

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

On December 21, 2020, the Company received an additional CEBA Loan in the amount of $20,000 under the CEBA Loan expansion program.

On January 1, 2021, 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.

The CEBA Loans were measured at an aggregate present value of $59,323 on initial recognition.

On January 12, 2022, the Government of Canada announced the extension of the CEBA Loan repayment deadline and interest-free period to December 31, 2023.

During the three and six months ended June 30, 2022, accretion of $712 and $1,415 (2021 – $677 and $1,347) had been recorded in profit or loss, respectively.

During the three and six months ended June 30, 2022, the amortized amount of the forgivable portion of the CEBA Loans recognized in the statements of loss and comprehensive loss was $692 and $1,475 (2021 – $691 and $1,375).

(Expressed in Canadian Dollars)

9. Share Capital

Authorized share capital

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

Common shares issued and outstanding as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	$	$
Issued: 99,848,607 (December 31, 2021 – 99,848,607 common shares)	**4,883,249**	4,883,249

There were no share capital transactions during the six months ended June 30, 2022 and 2021.

10. Stock Options

On August 19, 2021, shareholders of the Company approved the adoption of an omnibus equity incentive plan (the "Omnibus Incentive Plan"), which replaced the existing option plan. The Omnibus Incentive Plan is administered by the Board (or a committee thereof) and provides 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.

As at June 30, 2022, the Company has 19,219,721 common shares that are issuable under the Omnibus Incentive Plan.

The following summarizes the options activity for the six months ended June 30, 2022 and 2021:

	June 30, 2022		June 30, 2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**-**	**-**	2,500,000	0.10
Granted	**750,000**	**0.05**	-	-
Expired	**-**	**-**	(2,500,000)	0.10
Outstanding, end of period	**750,000**	**0.05**	-	-

Options activities for the six months ended June 30, 2021

On April 22, 2021, 2,500,000 options exercisable at $0.10 expired unexercised. No other options were granted, exercised, cancelled or forfeited during the six months ended June 30, 2021.

(Expressed in Canadian Dollars)

10. Stock Options (continued)

Options grants for the six months ended June 30, 2022

On March 2, 2022, the Company granted 500,000 stock options to various officers, directors and consultants. The stock options are exercisable at a price of $0.05 per common share for a period of four years and vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected historical volatility of 242%, expected dividend yield of 0%, risk-free interest rate of 1.58% and an expected life of four years. The grant date fair value attributable to these options of $24,624 was recorded as stock-based compensation in connection with the vesting of options during the six months ended June 30, 2022.

On June 8, 2022, the Company granted 250,000 stock options to certain advisors. The stock options are exercisable at a price of $0.05 per common share for a period of four years. 25% of the options vested immediately on grant, with the remaining options vesting in equal increment on a quarterly basis up to one year after the grant date. The options were valued using Black-Scholes with the following assumptions: expected historical volatility of 242%, expected dividend yield of 0%, risk-free interest rate of 3.17% and an expected life of four years. The grant date fair value attributable to these options was $12,318, of which $4,235 was recorded as stock-based compensation in connection with the vesting of options during the six months ended June 30, 2022.

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2022:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
March 2, 2026	500,000	500,000	0.05	3.67
June 8, 2026	250,000	62,500	0.05	3.94
	750,000	**562,500**	**0.05**	**3.76**

11. Warrants

The following table summarizes information of warrants outstanding as at June 30, 2022:

Date of expiry	Number of options outstanding	Exercise price	Weighted average remaining life
	#	$	Years
October 25, 2022	2,889,260	0.10	0.32
December 6, 2024	3,000,000	0.10	2.44
	5,889,260	**0.10**	**1.40**

There were no warrants activities during the six months ended June 30, 2022 and 2021.

12. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

(Expressed in Canadian Dollars)

12. Related Party Transactions (continued)

Compensation provided to key management personnel during the three and six months ended June 30, 2022 and 2021 were as follows:

	Three Months ended June 30, 2022	Three Months ended June 30, 2021	**Six Months ended June 30, 2022**	Six Months ended June 30, 2021
	$	$	**$**	$
Management fees	**22,500**	147,500	**45,000**	170,000
Professional fees	**10,500**	66,000	**24,000**	72,000
Stock-based compensation	**-**	-	**14,774**	-
	33,000	213,500	**83,774**	242,000

During the three and six months ended June 30, 2022, Just In-Genius Inc. ("Just In-Genius"), an entity controlled by the President, Chief Executive Officer, and a director of the Company, charged $22,500 and $45,000 (2021 – $147,500 and $170,000, including a one-time fee of $125,000 related to work performed from 2016 to 2021), respectively, for consulting services provided to the Company, which are included in management fees. As at June 30, 2022, an aggregate amount of $43,717 (December 31, 2021 – $36,825), owing to Just In-Genius, for the consulting fees, the reimbursement of expenses paid on behalf of the Company, was included in accounts payables and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended June 30, 2022, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged $10,500 and $24,000 (2021 – $16,000 and $22,000), respectively, for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at June 30, 2022, an amount of $63,078 (December 31, 2021 – $57,800) 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 six months ended June 30, 2021, a former director of BitRush charged a one-time fee of $50,000 and $50,000, respectively, to the Company, which are included in professional fees. As at June 30, 2022, no balance was owed to the former director (December 31, 2021 – $nil).

Stock-based compensation

On March 2, 2022, the Company granted 300,000 stock options to various officers and directors, at an exercise price of $0.05 per common share for a period of four years, which vested immediately on grant. During the three and six months ended June 30, 2022, stock-based compensation of $nil and $14,774, respectively, attributable to these options was recorded in connection with the vesting of options.

13. Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

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 since the Company's most recent financial reporting period.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

14. 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.

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 arm's length parties. As at June 30, 2022, the Company had a cash balance of $67,903 (December 31, 2021 – $99,016) to settle current liabilities of $215,300 (December 31, 2021 – $132,133).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at June 30, 2022:

	Carrying amount	Contractual maturities		
		Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	155,340	155,340	-	-
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.

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.

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.

(Expressed in Canadian Dollars)

14. Financial Instruments (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).

June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	67,903	-	-	67,903

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	99,016	-	-	99,016

As at June 30, 2022 and December 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 six months ended June 30, 2022.

15. Subsequent Event

On August 19, 2022, the Company granted 100,000 stock options to a new Board member. The stock options are exercisable at a price of $0.05 per common share for a period of four years and vested immediately on grant.