



Unaudited Condensed Interim Financial Statements
For the Three and Nine Months Ended September 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 September 30, 2022 and December 31, 2021

(Expressed in Canadian Dollars)

	As at September 30, 2022	As at December 31, 2021
	\$	\$
<u>Assets</u>		
Current Assets		
Cash	36,029	99,016
Amounts receivable (Note 4)	5,129	49,179
Prepaid expenses	533	4,839
Total Assets	41,691	153,034
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	173,816	132,133
Long-term debt – current portion (Note 8)	59,980	-
Total Current Liabilities	233,796	132,133
Long-term debt (Note 8)	-	59,920
Total Liabilities	233,796	192,053
<u>Shareholders' Deficiency</u>		
Share capital (Note 9)	4,883,249	4,883,249
Reserve for share-based payments (Note 10)	131,894	93,829
Contributed surplus	42,058	42,058
Accumulated deficit	(5,249,306)	(5,058,155)
Total Shareholders' Deficiency	(192,105)	(39,019)
Total Liabilities and Shareholders' Deficiency	41,691	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 Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

	Three Months ended September 30,		Nine Months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<u>Expenses</u>				
Management fees (Note 12)	22,500	22,500	67,500	192,500
Professional fees (Note 12)	23,311	35,246	65,492	157,840
Stock-based compensation (Notes 10 and 12)	9,206	-	38,065	-
General and administrative	3,921	1,836	10,844	6,981
Filing fees	2,371	3,038	9,291	44,507
Total Expenses	(61,309)	(62,620)	(191,192)	(401,828)
<u>Other Items</u>				
Gain on disposals of cryptocurrency investment (Note 5)	-	-	-	124,602
Debt forgiveness (Notes 6 and 7)	-	25,317	-	97,517
Interest expense (Note 8)	(718)	(685)	(2,133)	(4,789)
Other income	699	-	2,174	-
Total Other Items	(19)	24,632	41	217,330
Net Loss	(61,328)	(37,988)	(191,151)	(184,498)
<u>Other Comprehensive Loss</u>				
Change in fair value of cryptocurrency investment (Note 5)	-	-	-	(110,141)
Comprehensive Loss	(61,328)	(37,988)	(191,151)	(294,639)
Weighted Average Number of Shares Outstanding				
Basic and diluted	99,848,607	94,553,159	99,848,607	91,407,919
Net Loss per Share				
Basic and diluted	(0.001)	(0.000)	(0.002)	(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 Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

	Three Months ended		Nine Months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<u>Operating Activities</u>				
Net loss for the period	(61,328)	(37,988)	(191,151)	(184,498)
Adjustments for non-cash items:				
Gain on disposals of cryptocurrency investment (Note 5)	-	-	-	(124,602)
Gain on loan forgiveness (Note 8)	(699)	(25,317)	(2,074)	(97,517)
Interest on loans and long-term debt (Note 8)	719	685	2,133	2,519
Stock-based compensation (Note 10)	9,206	-	38,065	-
Foreign exchange gain	-	-	-	(654)
	(52,102)	(62,620)	(153,027)	(404,752)
Changes in non-cash working capital:				
Amounts receivables	681	(9,154)	44,050	(14,715)
Prepaid expenses	1,072	(2,447)	4,307	(756)
Accounts payable and accrued liabilities	18,475	45,937	41,683	231,428
Cash Flows (used in) Operating Activities	(31,874)	(28,284)	(62,987)	(188,795)
<u>Financing Activities</u>				
Proceeds from secured loan (Note 7)	-	-	-	134,474
Proceeds on loan from third party (Note 7)	-	-	-	16,032
Cash Flows provided by Financing Activities	-	-	-	150,506
<u>Investing Activities</u>				
Proceeds from disposals of investments in cryptocurrency (Note 5)	-	40,285	-	40,285
Cash Flows provided by Investing Activities	-	40,285	-	40,285
(Decrease) increase in cash	(31,874)	12,001	(62,987)	1,996
Cash, beginning of period	67,903	10,032	99,016	20,037
Cash, end of period	36,029	22,033	36,029	22,033
<u>Supplemental Information</u>				
Secured loan settled with proceeds from disposals of Investments in cryptocurrency (Notes 5 and 7)	-	134,307	-	134,307
Debts settled with issuance of common shares (Notes 9 and 12)	-	351,969	-	351,969

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 Nine Months ended September 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)
Issuance on debt settlement (Note 9)	7,039,373	351,969	-	-	-	-	351,969
Expiry of stock options (Note 10)	-	-	(156,624)	-	156,624	-	-
Net loss for the period	-	-	-	-	(184,498)	-	(184,498)
Change in fair value of cryptocurrency investments (Note 5)	-	-	-	-	-	(110,141)	(110,141)
Balance, September 30, 2021	96,848,607	4,734,180	93,829	42,058	(5,000,502)	-	(130,435)
Balance, December 31, 2021	99,848,607	4,883,249	93,829	42,058	(5,058,155)	-	(39,019)
Stock-based compensation (Note 10)	-	-	38,065	-	-	-	38,065
Net loss for the period	-	-	-	-	(191,151)	-	(191,151)
Balance, September 30, 2022	99,848,607	4,883,249	131,894	42,058	(5,249,306)	-	(192,105)

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

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Nine Months ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

BitRush Corp. (“BitRush”, or the “Company”) was incorporated under the laws of the Province of Ontario and is governed by the *Business Corporations Act* (Ontario). The Company previously operated an online advertising platform 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.

For the nine months ended September 30, 2022, the Company incurred a net loss of \$191,151 and negative cash flow from operations of \$62,987, and as at September 30, 2022, the Company had an accumulated deficit of \$5,249,306 (December 31, 2021 – deficit of \$5,058,155). 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 November 18, 2022.

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.

BitRush Corp.

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

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.

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
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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.

On June 29, 2021, the Company disposed of the remaining BTC for \$40,285, of which the proceeds were received by the Company on July 2, 2021.

During the three and nine months ended September 30, 2021, the Company recorded a gain of \$nil and \$124,602, respectively, on the disposals of the investments in cryptocurrency, respectively. During the same periods, a revaluation loss on the investments in cryptocurrency of \$nil and \$110,141, respectively, had also been recorded in other comprehensive loss.

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Nine Months ended September 30, 2022 and 2021
(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.

	September 30, 2022	December 31, 2021
	\$	\$
Trade payable	143,505	104,633
Accrued liabilities	30,311	27,500
	173,816	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 nine months ended September 30, 2022, accretion of \$718 and \$2,133 (2021 – \$685 and \$2,032) had been recorded in profit or loss, respectively.

During the three and nine months ended September 30, 2022, the amortized amount of the forgivable portion of the CEBA Loans recognized in the statements of loss and comprehensive loss was \$699 and \$2,174 (2021 – \$699 and \$2,074).

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Nine Months ended September 30, 2022 and 2021
(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 September 30, 2022 and December 31, 2021:

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

Share capital transactions for the nine months ended September 30, 2021

On July 30, 2021, the Company settled an aggregate amount of \$351,969 comprised of certain outstanding fees for services provided to the Company by creditors, loans made to the Company by creditors and/or reimbursement of certain expenses paid for by creditors on behalf of the Company, through the issuance of 7,039,373 common shares of the Company (the “Shares-for-Debt Issuances”) at a price of \$0.05 per common shares.

Share capital transactions for the nine months ended September 30, 2022

There were no share capital transactions during the nine months ended September 30, 2022.

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 September 30, 2022, the Company has 19,119,721 common shares that are issuable under the Omnibus Incentive Plan.

The following summarizes the options activity for the nine months ended September 30, 2022 and 2021:

	September 30, 2022		September 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	850,000	0.05	-	-
Expired	-	-	(2,500,000)	0.10
Outstanding, end of period	850,000	0.05	-	-

Options activities for the nine months ended September 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 nine months ended September 30, 2021.

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Nine Months ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

10. Stock Options (continued)

Options grants for the nine months ended September 30, 2022

On March 2, 2022, the Company granted 500,000 stock options to certain 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 nine months ended September 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 \$8,514 was recorded as stock-based compensation in connection with the vesting of options during the nine months ended September 30, 2022.

On August 19, 2022, the Company granted 100,000 stock options to a director. 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 3.18% and an expected life of four years. The grant date fair value attributable to these options of \$4,927 was recorded as stock-based compensation in connection with the vesting of options during the nine months ended September 30, 2022.

The following table summarizes information of stock options outstanding and exercisable as at September 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	3.42
June 8, 2026	250,000	109,375	0.05	3.69
August 19, 2026	100,000	100,000	0.05	3.89
	850,000	709,375	0.05	3.56

11. Warrants

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

Date of expiry	Number of options outstanding	Exercise price	Weighted average remaining life
	#	\$	Years
October 25, 2022	2,889,260	0.10	0.07
December 6, 2024	3,000,000	0.10	2.19
	5,889,260	0.10	1.15

There were no warrants activities during the nine months ended September 30, 2022 and 2021.

BitRush Corp.

Notes to the Unaudited Condensed Interim Financial Statements
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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.

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

	Three Months ended September 30, 2022	Three Months ended September 30, 2021	Nine Months ended September 30, 2022	Nine Months ended September 30, 2021
Management fees	\$ 22,500	\$ 22,500	\$ 67,500	\$ 192,500
Professional fees	10,500	15,000	34,500	87,000
Stock-based compensation	4,927	-	19,702	-
	37,927	37,500	121,702	279,500

During the three and nine months ended September 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 \$67,500 (2021 – \$22,500 and \$192,500, 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 September 30, 2022, an aggregate amount of \$54,283 (December 31, 2021 – \$36,825), owing to Just In-Genius, for the consulting fees and 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 nine months ended September 30, 2022, Branson Corporate Services Ltd. (“Branson”), where the Company’s Chief Financial Officer (“CFO”) is employed, charged \$10,500 and \$34,500 (2021 – \$15,000 and \$37,000), respectively, for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at September 30, 2022, an amount of \$67,033 (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 nine months ended September 30, 2021, a former director of BitRush charged a one-time success fee of \$nil and \$50,000, 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 (see Note 9). As at September 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 its directors, at an exercise price of \$0.05 per common share for a period of four years, which vested immediately on grant.

On August 19, 2022, the Company granted 100,000 stock options to a director, at an exercise price of \$0.05 per common share for a period of four year, which also vested immediately on grant.

During the three and nine months ended September 30, 2022, stock-based compensation of \$4,927 and \$19,702 (2021 – \$nil and \$nil), respectively, was recorded in connection with the vesting of the above-mentioned options.

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12. Related Party Transactions (continued)

Other related party transactions

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 the principal is also a director of BitRush. On July 30, 2021, the Company entered into the Shares-for-Debt Issuances with the director and HSRC, as an aggregate amount 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.

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.

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 September 30, 2022, the Company had a cash balance of \$36,029 (December 31, 2021 – \$99,016) to settle current liabilities of \$233,796 (December 31, 2021 – \$132,133).

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14. Financial Instruments (continued)

Liquidity risk (continued)

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, 2022:

	Carrying amount	Contractual maturities		
		Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable	173,816	173,816	-	-
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.

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).

<i>September 30, 2022</i>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	36,029	-	-	36,029

<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	99,016	-	-	99,016

As at September 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 nine months ended September 30, 2022.

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15. Subsequent Event

On November 17, 2022, the Company granted 50,000 stock options to an advisor. 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.