Unaudited Condensed Interim Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(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, 2023 and December 31, 2022
(Expressed in Canadian Dollars)

	As at June 30, 2023	As at December 31, 2022
	$	$
<u>Assets</u>		
Current Assets		
Cash	**8,053**	13,880
Amounts receivable (Note 4)	**3,409**	6,040
Prepaid expenses	**1,625**	4,985
Total Assets	**13,087**	24,905
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	**269,326**	205,415
Loans payable (Note 6)	**60,000**	60,000
Due to related party (Note 10)	**17,000**	-
Total Liabilities	**346,326**	265,415
<u>Shareholders' Deficiency</u>		
Share capital (Note 7)	**4,883,249**	4,883,249
Reserve for share-based payments (Note 8)	**132,978**	135,204
Contributed surplus	**42,058**	42,058
Accumulated deficit	**(5,391,524)**	(5,301,021)
Total Shareholders' Deficiency	**(333,239)**	(240,510)
Total Liabilities and Shareholders' Deficiency	**13,087**	24,905

Nature of operations and going concern (Note 1)

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Three Months ended June 30, 2023	Three Months ended June 30, 2022	**Six Months ended June 30, 2023**	Six Months ended June 30, 2022
	$	$	**$**	$
Expenses				
Management fees (Note 10)	**22,500**	22,500	**45,000**	45,000
Professional fees (Note 10)	**16,175**	21,781	**31,675**	42,181
General and administrative	**3,898**	2,283	**9,159**	6,923
Filing fees	**4,540**	2,381	**6,895**	6,920
Stock-based compensation (Notes 8 and 10)	**826**	4,235	**2,699**	28,859
Total Expenses	**(47,939)**	(53,180)	**(95,428)**	(129,883)
Other Items				
Interest expense (Note 6)	**-**	(712)	**-**	(1,415)
Other income	**-**	692	**-**	1,475
Total Other Items	**-**	(20)	**-**	60
Net Loss and Comprehensive Loss	**(47,939)**	(53,200)	**(95,428)**	(129,823)
Weighted Average Number of Shares Outstanding				
Basic and diluted	**99,848,607**	99,848,607	**99,848,607**	99,848,607
Net Loss per Share				
Basic and diluted	**$ (0.000)**	$ (0.001)	**$ (0.001)**	$ (0.001)

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Three Months ended June 30, 2023	Three Months ended June 30, 2022	**Six Months ended June 30, 2023**	Six Months ended June 30, 2022
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(47,939)**	(53,200)	**(95,428)**	(129,823)
Adjustments for non-cash items:				
Gain on debt forgiveness	**-**	(692)	**-**	(1,375)
Interest on loans payable (Note 6)	**-**	712	**-**	1,415
Stock-based compensation (Note 8)	**826**	4,235	**2,699**	28,859
	(47,113)	(48,945)	**(92,729)**	(100,924)
Changes in non-cash working capital:				
Amounts receivables	**1,201**	1,135	**2,631**	43,369
Prepaid expenses	**1,680**	1,618	**3,360**	3,235
Accounts payable and accrued liabilities	**41,794**	26,822	**63,911**	23,207
Cash Flows (used in) Operating Activities	**(2,438)**	(19,370)	**(22,827)**	(31,113)
Financing Activities				
Advance from related party	**-**	-	**17,000**	-
Cash Flows provided by Financing Activities	**-**	-	**17,000**	-
Decrease in cash	**(2,438)**	(19,370)	**(5,827)**	(31,113)
Cash, beginning of period	**10,491**	87,273	**13,880**	99,016
Cash, end of period	**8,053**	67,903	**8,053**	67,903

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-Based Payments	Contributed Surplus	Accumulated Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2021	**99,848,607**	**4,883,249**	**93,829**	**42,058**	**(5,058,155)**	**(39,019)**
Stock-based compensation (Note 8)	-	-	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)**
Balance, December 31, 2022	**99,848,607**	**4,883,249**	**135,204**	**42,058**	**(5,301,021)**	**(240,510)**
Stock-based compensation (Note 8)	-	-	2,699	-	-	2,699
Cancellation of stock options (Note 8)	-	-	(4,925)	-	4,925	-
Net loss for the period	-	-	-	-	(95,428)	(95,428)
Balance, June 30, 2023	**99,848,607**	**4,883,249**	**132,978**	**42,058**	**(5,391,524)**	**(333,239)**

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 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 six months ended June 30, 2023, the Company incurred a net loss of $95,428 and negative cash flow from operations of $22,827, and as at June 30, 2023, the Company had an accumulated deficit of $5,391,524 (December 31, 2022 – deficit of $5,301,021). 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 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 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 were reviewed, approved and authorized for issuance by the Board of Directors (the "Board") of the Company on July 28, 2023.

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.

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

2.4 Significant Accounting Judgments and Estimates (continued)

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 financing 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.

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, 2022, unless otherwise noted.

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. 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, 2023	December 31, 2022
	$	$
Trade payable	**220,905**	176,702
Accrued liabilities	**48,421**	28,713
	269,326	205,415

(Expressed in Canadian Dollars)

6. Loans Payable

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.

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

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. 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. The CEBA Loan must be repaid in full by no later than December 31, 2025.

During the three and six months ended June 30, 2022, accretion of $712 and $1,415, respectively, and the amortized amount of the forgivable portion of the CEBA Loans of $692 and $1,475, respectively, were recognized in the statements of loss and comprehensive loss.

7. 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, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	$	$
Issued: 99,848,607 (December 31, 2022 – 99,848,607 common shares)	**4,883,249**	4,883,249

There were no share capital transactions during the six months ended June 30, 2023 and 2022.

8. 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, 2023, the Company has 19,169,721 common shares that are issuable under the Omnibus Incentive Plan.

(Expressed in Canadian Dollars)

8. Stock Options (continued)

The following summarizes the options activity for the six months ended June 30, 2023 and 2022:

	June 30, 2023		June 30, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**900,000**	**0.05**	-	-
Granted	**-**	**-**	750,000	0.05
Cancelled	**(100,000)**	**0.05**	-	-
Outstanding, end of period	**800,000**	**0.05**	750,000	0.05

Options activities for the six months ended June 30, 2023

On January 1, 2023, 100,000 options previously granted to a former director on March 2, 2022 at an exercise price of $0.05, were cancelled. As a result of the cancellation, the grant date fair value of $4,925 pertaining to these options was reallocated to deficit.

No other options were granted, exercised, expired or forfeited during the six months ended June 30, 2023.

During the three and six months ended June 30, 2023, the Company also recorded stock-based compensation of $389 and $1,126, respectively, in connection with the vesting of options granted in November 2022.

Options activities 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 stock-based compensation of $437 and $1,573, respectively, was recorded with the vesting of options during the three and six months ended June 30, 2023 (2022 – $4,235 and $4,235).

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2023:

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price**	**Weighted average remaining contractual life**
	#	**#**	**$**	**Years**
March 2, 2026	400,000	400,000	0.05	2.67
June 8, 2026	250,000	250,000	0.05	2.94
August 19, 2026	100,000	100,000	0.05	3.14
November 17, 2026	50,000	31,250	0.05	3.39
	800,000	**781,250**	**0.05**	**2.86**

(Expressed in Canadian Dollars)

9. Warrants

As at June 30, 2023, the Company had a total of 5,889,260 warrants outstanding as follows:

Date of issuance	Number of warrants outstanding	Exercise price
	#	$
October 25, 2019	2,889,260	0.10
December 6, 2021	3,000,000	0.10
	5,889,260	**0.10**

All warrants are exercisable for a period of 36 months following the date on which BitRush's common shares will be reinstated for trading on the CSE.

10. 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.

Compensation provided to key management personnel during the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months ended June 30, 2023	Three Months ended June 30, 2022	**Six Months ended June 30, 2023**	Six Months ended June 30, 2022
	$	$	**$**	$
Management fees	**22,500**	22,500	**45,000**	45,000
Professional fees	**10,500**	10,500	**21,000**	24,000
Stock-based compensation	**-**	-	**-**	14,774
	33,000	33,000	**66,000**	83,774

During the three and six months ended June 30, 2023, 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 (2022 – $22,500 and $45,000), respectively, for consulting services provided to the Company, which are included in management fees. As at June 30, 2023, an aggregate amount of $125,773 (December 31, 2022 – $74,975), 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 six months ended June 30, 2023, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged $10,500 and $21,000 (2022 – $10,500 and $24,000), respectively, for CFO, accounting and other administrative services to the Company, which are included in professional fees. As at June 30, 2023, an aggregate amount of $97,421 (December 31, 2022 – $74,943), owing to Branson was included in accounts payables and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the six months ended June 30, 2022, the Company recorded stock-based compensation of $14,774 in connection with the vesting of the options previously vested to its directors.

Other related party transactions

During the six months ended June 30, 2023, the Company received an advance of $17,000 from Just In-Genius to fund its general working capital. As at June 30, 2023, the amount is recorded as due to related party on the statements of financial position. The amount outstanding is unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

11. Capital Management

The Company's objective 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.

12. 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, 2023, the Company had a cash balance of $8,053 (December 31, 2022 – $13,880) to settle current liabilities of $346,326 (December 31, 2022 – $265,415).

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, 2023:

	Carrying amount	**Contractual maturities**		
		Year 1	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable	269,326	269,326	-	-
Loan payable	60,000	60,000	-	-
Due to related party	17,000	17,000	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts 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.

(Expressed in Canadian Dollars)

12. Financial Instruments (continued)

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, accounts payable, loans payable and due to related party. The fair value of cash, accounts payable, loans payable and due to related party 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 includes 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, June 30, 2023	8,053	-	-	8,053
Cash, December 31, 2022	13,880	-	-	13,880

As at June 30, 2023 and December 31, 2022, the Company's financial instruments carried at fair value consisted of its cash, which has been classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the reporting period.