

FORM 51-102F3

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

1. **Name and Address of Company**

BitRush Corp. (the "**Company**")
100 King Street West, 56th Floor
Toronto, Ontario M5X 1C9

2. **Date of Material Change**

October 25, 2019.

3. **News Release**

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Accesswire in Toronto, Ontario on or about October 25, 2019.

4. **Summary of Material Change**

On or about October 25, 2019, the Company announced that it had completed the Private Placement, the Mandated Issuances and the Shares-for-Debt Issuances (as such terms are defined herein, and which are collectively referred to herein as the "**Transactions**"). All securities of the Company (including the securities issued in the Transactions) remain subject to the Cease Trade Order issued by the Ontario Securities Commission on December 2, 2016 until such time as such order has been fully revoked. The material change is further described in the Company's news release attached hereto as Schedule "A", which is incorporated in this report.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

In addition to the information included in this report pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*, certain of the following disclosure is required under Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions* ("**MI 61-101**") with respect to the issuances to: (i) HSRC Investment Pte Ltd. ("**HSRC**"), a company that controls more than 10% of the common shares of the Company (each, a "**Common Share**"), of an aggregate of 13,456,910 Common Shares, and; (ii) Just In-Genius Inc. ("**Just**"), a company wholly-owned by Karsten Arend, the Chief Executive Officer and a Director of the Company, of 4,700,000 Common Shares. All such persons are collectively referred to herein as the "**Insiders**".

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

Further to the Partial Revocation Order dated April 29, 2019 (the "**Order**") granted by the Ontario Securities Commission to the Company of the Cease Trade Order dated December 2, 2016, on October 25, 2019, the Company issued a total of 2,889,260 Units at a price of \$0.05 per Unit for aggregate gross proceeds of \$144,463 pursuant to a non-brokered private placement (the "**Private Placement**"). Each Unit is comprised of one common share of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.10 until the date that is 36 months following the date on which the Common Shares are reinstated for trading on the Canadian Securities Exchange (the "**CSE**"), subject to acceleration. No Insiders participated in the Private Placement.

Further to the Order, the Company also issued an aggregate of (i) 10,356,910 Common Shares in connection with certain issuances mandated (the "**Mandated Issuances**") by an order of the Ontario Superior Court of Justice (the "**SCJ Order**") pursuant to which HSRC acquired 5,856,910 Common Shares, and (ii) 18,500,000 Common Shares in connection with certain shares-for-debt issuances (the "**Shares-for-Debt Issuances**") pursuant to which HSRC acquired 7,600,000 Common Shares and Just acquired 4,700,000 Common Shares.

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

Each of the issuances of the Common Shares in the Mandated Issuances and the Shares-for-Debt Issuances to the Insiders is considered a "related party transaction" for the purposes of MI 61-101. The Mandated Issuances and the Shares-for-Debt Issuances were completed for purposes of conserving cash and to restore the share capital of the Company as ordered by the SCJ Order, and the Company completed the Private Placement to raise funds for the primary purpose of applying for a full revocation of the Order, all as further described in the Company's news release attached hereto as Schedule "A".

HSRC acquired the Common Shares as a result of the SCJ Order as it relates to the Common Shares issued to HSRC in the Mandated Issuances and HSRC and Just acquired the Common Shares in the Shares-for-Debt Issuances to help the Company in its efforts to recapitalize as such parties have advanced substantial sums to the Company with respect to the legal action for which the Company obtained the SCJ Order and to pay for other Company expenses.

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

See paragraph 5(b) above.

(d) a description of:

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

Prior to the completion of the Transactions in which HSRC acquired 13,456,910 Common Shares as described above, HSRC (together with Hansjoerg Wagner, a director of HSRC and of the Company, who holds 2,000,000 Common Shares) had beneficial ownership of, or exercised control or direction over, 21,143,090 Common Shares representing approximately 36.41% of the 58,063,064 Common Shares then issued and outstanding, calculated on a partially and non-diluted basis. After giving effect to the Transactions, HSRC (together with Hansjoerg Wagner, a director of HSRC and of the Company, who holds with 2,000,000 Common Shares) has beneficial ownership of, or exercises control or direction over, 34,600,000 Common Shares, representing approximately 38.53% of the current number of issued and outstanding Common Shares being 89,809,234 Common Shares, calculated on a partially and non-diluted basis.

Prior to the completion of the Transactions in which Just acquired 4,700,000 Common Shares as described above, Just (together with Karsten Arend, a director of Just and of the Company) had beneficial ownership of, or exercised control or direction over, 170,000 Common Shares and 2,500,000 stock options to acquire 2,500,000 Common Shares representing approximately 4.41% of the 58,063,064 Common Shares then issued and outstanding, calculated on a partially diluted basis, assuming the exercise of the 2,500,000 stock options, or approximately 0.29% calculated on a non-diluted basis. After giving effect to the Transactions, Just (together with Karsten Arend, a director of Just and of the Company) has beneficial ownership of, or exercises control or direction over, 4,870,000 Common Shares and 2,500,000 stock options to acquire 2,500,000 Common Shares, representing approximately 7.98% of the current number of issued and outstanding Common

Shares being 89,809,234 Common Shares, calculated on a partially diluted basis, assuming the exercise of the 2,500,000 stock options, or approximately 5.42% calculated on a non-diluted basis.

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

See subparagraph 5(d)i. above.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

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

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

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

Not applicable. The Mandated Issuances and the Share-for-Debt Issuances were completed in accordance with, and pursuant to, the SCJ Order and the Order.

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

With respect to the issuance of the Common Shares to the Insiders, the Company is exempted from the requirements under MI 61-101 of having to perform a formal valuation and obtain minority shareholder approval pursuant to subsections 5.5(b) and 5.7(1)(e) of MI 61-101, respectively.

Valuation Exemption

The issuance of the Common Shares to the Insiders in the Mandated Issuances and the Shares-for-Debt Issuances was exempt from the formal valuation requirements of MI 61-101 pursuant to the exemption set out in subsection 5.5(b) as the Common shares are not listed or quoted on any of the specified markets enumerated therein.

Shareholder Approval Exemption

The issuance of the Common Shares to the Insiders was exempt from the minority shareholder approval requirements of MI 61-101 pursuant to the exemption set out in paragraph 5.7(1)(e) of MI 61-101 which provides that this exemption applies in the event the circumstances described in paragraph (g) of section 5.5 of MI 61-101 apply. As such, the Board of Directors of the Company determined that it met the “financial hardship” requirements enumerated in paragraph (g) of section 5.5 of MI 61-101, namely that: (i) the Company was and is in serious financial difficulty; (ii) the Mandated Issuances and the Shares-for-Debt Issuances would improve the financial position of the Company by (A) helping it conserve cash raised in the Private Placement to be used principally for the purpose of seeking a full revocation of the Order; (B) restoring the share capital of the Company as ordered in the SCJ Order; and (C) relieving the Company of substantial debts; (iii) paragraph (f) of section 5.5 of MI 61-101 does not apply; and (iv) the Company’s Board of Directors (inclusive of its independent director), acting in good faith determined that subparagraphs (i) and (ii) above applied and that the terms of the Mandated Issuances and the Shares-for-Debt Issuances were reasonable in the circumstances of the Company.

5.2. Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

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

Karsten Arend
President, Chief Executive Officer and a Director
416.847.1831
info@bitrush.com

9. **Date of Report**

October 25, 2019.

SCHEDULE "A"

BITRUSH CORP. COMPLETES ISSUANCES OF SECURITIES FURTHER TO PARTIAL REVOCATION OF CEASE TRADE ORDER

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO US NEWSWIRES

TORONTO, ONTARIO, October 25, 2019 – BitRush Corp. (CSE:BRH, Frankfurt:0XSN) ("**BitRush**" or the "**Company**") is pleased to announce that, further to the Company's news release issued on April 30, 2019, it has completed the transactions for which it had sought and obtained a partial revocation dated April 29, 2019 (the "**Partial Revocation Order**") of a cease trade order issued by the Ontario Securities Commission on December 2, 2016.

The Company has sold, pursuant to a non-brokered private placement (the "**Private Placement**"), 2,889,260 units ("**Units**") comprising one (1) common share of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"), for a subscription price equal to \$0.05 per Unit, for gross proceeds of \$144,463. Each Warrant entitles the investor to purchase one additional Common Share on or before the date that is three (3) years from the date the Common Shares resume trading on the Canadian Securities Exchange (the "**CSE**"), at an exercise price of \$0.10 per Common Share. The Warrants contain a feature enabling the Company to accelerate the expiry date for the Warrants upon notice to the Warrant holder if the closing trading price of the Common Shares on the CSE is not less than \$0.15 for 10 consecutive trading days. Proceeds from the Private Placement will be used principally to prepare and file with the Ontario Securities Commission continuous disclosure documents with a view to obtaining a full revocation of the cease trade order and to pay all filing fees (including late fees) associated with the Company's continuous disclosure documents, among other related expenses.

In addition, further to the Partial Revocation Order, the Company completed certain issuances from treasury of an aggregate of 10,356,910 Common Shares as mandated by the order of the Ontario Superior Court of Justice dated June 29, 2018 (the "**Mandated Issuances**") and certain shares-for-debt issuances from treasury to creditors in full satisfaction of the debts owed to such parties (the "**Shares-for-Debt Issuances**"). In the Shares-for-Debt Issuances, \$925,000 of debt was exchanged for 18,500,000 Common Shares, representing an exchange price of \$0.05 per share.

All securities issued pursuant to the Private Placement, the Mandated Issuances and the Shares-for-Debt Issuances are subject to a statutory hold period expiring on February 26, 2019. However, all securities of the Company, including the aforementioned securities, will remain subject to the cease trade order until such time as the cease trade order has been revoked in its entirety.

Certain related parties of the Company acquired 13,456,910 Common Shares and 4,700,000 Common Shares, respectively, in the Mandated Issuances and the Share-for-Debt Issuances, each of which constitutes a "related party transaction" for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company has relied on the exemptions contained in sections 5.5(b) and 5.7(1)(e) of MI 61-101 from the formal valuation and minority shareholder approval requirements in MI 61-101, respectively, in respect of such related parties' participation in the Mandated Issuances and the Share-for-Debt Issuances. The Common Shares are not listed or quoted on any of the enumerated markets in section 5.5(b) of MI 61-101 enabling the Company to rely on the exemption from the formal valuation requirements of MI 61-101 and the Company meets the "financial hardship" requirements set out in section 5.7(1)(e) of MI 61-101 enabling the Company to rely on the exemption from the minority shareholder approval requirements of MI 61-101.

Karsten Arend, the President and Chief Executive Officer of BitRush stated: “We are continuing to move forward in order to seek a full revocation order to our existing cease-trade order which we believe we will be able to achieve”.

FORWARD LOOKING INFORMATION

This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities in any jurisdiction.

This press release contains certain “forward-looking information”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, the granting of a full revocation of the cease trade order) constitute forward-looking information.

This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, having the necessary funds to seek and obtain a full revocation. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations, include, but are not limited to, the inability of the Company to complete its continuous disclosure filings or to satisfy the requirements of the Commission with respect to obtaining a full revocation order.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Karsten Arend

CEO, President and Director

For further information, contact Karsten Arend at (416) 847-1831 or info@bitrush.com.