
BITRUSH CORP (Formerly The Streetwear Corporation)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED DECEMBER 31, 2015

DATED APRIL 29, 2016

Disclosure Regarding Forward-Looking Statements

This Management Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets. Other risks may be disclosed from time to time in BitRush's public disclosures.

Bitrush Corp
Management Discussion and Analysis
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This Management's Discussion and Analysis ("MD&A") relates to the performance, financial condition and future prospects of BitRush Corp ("BitRush", or the "Corporation") and should be read in conjunction with the Audited Consolidated Financial Statements for the period ended December 31, 2015 and 2014, and Notes thereto. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. The Audited Consolidated Financial Statements and MD&A are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are presented in Canadian dollars unless otherwise specified. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of December 31, 2015 and for the period ended December 31, 2015. Readers are encouraged to read the Company's public information filings which can be accessed and viewed through a link to the Company's Canadian Securities Commissions filings via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com

ITEM 1 - Overview

BitRush Corp (the "Corporation", "Bitrush" or the "Company") was incorporated under the laws of the Province of Ontario and is governed by the Business Corporations Act (Ontario). The Corporation's registered office is located at 133 Richmond Street West, Toronto.

As of May 21, 2015 the Corporation announced that it has executed an Agreement in Principle ("AIP") with MezzaCap and its sole shareholder, MobileUp, pursuant to which the Corporation will acquire from MobileUp 100% of the issued and outstanding shares of MezzaCap (the "MezzaCap Shares"), a private international investment company concentrating in "blockchain" technologies and cryptocurrencies such as bitcoins (the "Transaction"). On May 15, 2015 the AIP was amended to change some of the terms and conditions.

Pursuant to the amended AIP, Bitrush acquired the MezzaCap Shares in consideration of an issuance to MezzaCap Investments Ltd in common shares in the capital of the Corporation after completing a one-for-three share consolidation. Upon completion of the Transaction, the Share Consideration held by MezzaCap Investments represents 73,7% of the issued and outstanding common shares of the Corporation.

The shareholders of the Corporation voted for the acquisition of MezzaCap on June 26, 2015. Furthermore, the change of business, the change of name to BitRush Corp. and a one-for-three common share consolidation of the Corporation's common shares were also approved at their Annual and Special Meeting of shareholders.

The Company is a FinTech company and is focused on the cryptographic payment services business. Besides that the Company is engaged in the cryptographic gaming and advertising business. The Company has developed proprietary technologies for its business activities and will continue to further develop these technologies. Moreover the Company continues to develop global ecospheres and networks for its technologies and solutions.

ITEM 2 - Selected Annual Information

The following is selected annual information for the preceding three fiscal years:

	December 31, 2015	December 31, 2014	December 31, 2013
Revenues	\$40,035	\$ 72,655	\$ Nil
Operating loss	(170,674)	(19,499)	(61,342)
Net loss	(2,488,001)	(47,085)	(63,174)
Total assets	711,669	266,819	277,676
Total liabilities	140,868	283,951	247,475
Shareholders' equity (deficiency)	570,801	(17,321)	30,201
Loss per share	0.02	0.00	0.02
Dividends per share	0.00	0.00	0.00

For further audited financial information, please refer to the Corporation's audited financial statements that have been filed on SEDAR.

ITEM 3 - Results of Operations

The results of the period ended December 31, 2015 are highly influenced from the RTO activities of the Company:

Effective with June 30, 2015 Bitrush Corporation (former Streetwear) legally became the parent of Mezzacap (as described above) however, as a result of the share exchange, control of the combined companies passed to the former shareholders of Mezzacap, which for accounting purposes is deemed to be the acquirer.

For financial reporting purposes the transaction has been accounted for under IFRS 2 - Share Based Payment and therefore the financial statements have been prepared as a continuation of Mezzacap.

Consequently, through the period ended June 26, 2015, the consolidated statements of loss and comprehensive loss and the consolidated statements of cash flows relate only to Mezzacap, the acquirer. Subsequent to June 26, 2015, the net assets of Mezzacap are included in the consolidated statement of financial position at their carrying values and the acquisition of Streetwear is accounted for by the acquisition method, with the net assets of Streetwear recorded at their estimated fair values.

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2 - Share Based Payments. Consideration consisted entirely of shares and warrants of the Company which were measured at the estimated fair value of those shares at the date of the acquisition. 24,672,738 common shares of the Company with an estimated fair value of \$1,825,783 along with 5,361,363 warrants of the Company with an estimated fair value of \$9,551 were issued to the shareholder of Streetwear as part of this transaction. The fair value of these warrants was estimated using the Black-Scholes valuation model using the following weighted average assumptions: expected volatility – 100%, expected life – 0.5 years, expected dividend yield – 0%, risk free interest rate of 0.60%. A finders fee of 4,997,234 common shares of the Company with an estimated fair value of \$369,765 were also issued and are included in the fair value of the consideration paid. The recognition of a listing expense as part of the acquisition of a public company is determined as the proceeds paid by the Company less the net assets acquired by the Company as a result of the takeover.

The summary of the Transaction is presented below:

Fair value of consideration issued to Streetwear shareholders:	2,205,129
Cash	193
Sundry receivables	10,163
Accounts payables	(104,613)
Related party payable	(20,000)
Net assets acquired	(114,257)
Excess of consideration paid over net assets acquired,	2,319,386

The Company recognized a listing expense of \$2,319,386 in the statement of loss and comprehensive loss for the year ended December 31, 2015.

Mainly in completing this RTO transaction and other listing requirements of the Toronto stock exchange material legal, accounting and auditing expenses were incurred 2015 increasing the professional expenses for 2015 by \$118,330 to a total of \$ 123,998 compared to professional expenses for 2014 amounting to \$ 5,668.

As part of the RTO the new owner of Bitrush Corporation waived **Subordinated convertible debentures** resulting in a non-cash income statement item amounting to \$ 262,816 in 2015. On November 30, 2013 the Company issued interest free unsecured subordinated convertible loans with a principal amount of \$310,904 (EURO 220,000). These convertible debentures were subordinated to all other existing and future liabilities of the Company, with the exception of liabilities to shareholders of the Company. The debentures were senior to the liabilities to shareholders. These convertible debentures were due and payable in full on September 30, 2018. The debenture holders had the option to convert the debenture into shares of the Company. The Company used the residual value method to allocate the principal amount of the convertible debenture between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the debenture comprises the value of the conversion option, being the difference between the face value of the debenture and the liability element calculated above. Based on this calculation, the liability component was initially valued at \$242,926 and the residual equity component is \$80,958. Accretion charges attributable to the debenture for the year-ended December 31, 2015 was \$NIL (\$27,599 for 2014).

During the year ended December 31, 2015 these debentures were waived in full and as a consequence the company recorded a gain on debt waiver of \$262,816. The expired conversion feature was transferred to deficit.

By eliminated the above stated one-off charges: the deemed share listing expenses and transactions costs amounting to \$2,319,386 expensed in 2015 and the debt waiving income amounting to \$ 262,816 shown in the income statement as of Dec, 31, 2015 the net loss (adjusted) for 2015 can be calculated at \$431,431. The increase of the net loss (after adjustments) of \$274,453 compared to last years adjusted loss amounting to \$156,733 (by allowing for the debt waiver 2014 amounting to \$109,645) results mainly from stock based compensation expense amounting to \$145,776 and as stated above increased professional fees (i.e. higher accounting and auditing fees) and higher administrative fees due to legal requirements.

Administrative expenses

For the year ended December 31, 2015, the Corporation had administrative expenditures of \$101,180 versus the year earlier when the administrative expenses amounted to \$6,696, resulting in an increase of \$94,484. The increase mainly results from a material change in the Company structure as well as results from the increasing effort of the Corporation to build up adequate management information systems and internal control systems.

Business development expenses

The business development expenses amounted to \$102,000 for the period ended 2015. The development expenses of \$178,936 shown in 2014 resulted from a substantial charge of \$121,620 of the marketing manager who waived the main part of his relevant claim in 2014. The gain from this debt waiver amounted to \$109,645. In 2015 the marketing manager changed his position and was appointed CEO of Bitrush, thereby being part of the Option plan (refer to ITEM. 9) of the Company.

The net loss for the period ended December 31, 2015 was \$2,488,001 for a loss per share of \$0.02 based on 100,539,780 weighted average shares outstanding for the period versus \$47,085 for a loss per share of \$0.00 based on 83,287,265 weighted average shares outstanding for the previous period.

On September 4, 2015, Bitrush successfully completed a private placement through the issuance of 7,250,000 units of the Company for gross proceeds of \$725,000. Each unit consists of one common share of the Corporation and one common share purchase warrant. Each warrant is exercisable into one common share of the Corporation at a price of \$0.15 per common share, for a period of three years. In connection with the transaction, the Corporation issued 100,000 units as a finder's fee.

Bitrush used the funds received to invest in business development expenses and to invest in intangible Assets.

Intangible Assets

As of the end of Dec.31, 2015 the Corporation had intangible assets at of \$454,013 (December 31, 2014 - \$260,711). Thereof \$270,209 (December 31, 2014 - \$ 254,405 relate to Investments in intellectual property and represent acquired "sui generis" database rights (Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases) and copyrights relating to creative databases, websites and domains. These investments are recorded at the acquisition costs. In general, those database rights are legally valid for 15 years, but as the Company modifies these databases in developing its business and as a new set of rights are created for each modification of the database, an infinite lifetime is assumed for these investments acquired. On September 30, 2015, BitRush announced the formation of its wholly-owned subsidiary START-IT Ltd. ("Start-It") Incorporated and registered in Manchester, United Kingdom. The Company is positioned as a business incubator and investment company in the area of crypto-currency and/or crypto business startups. It closely cooperates with business angels, investment companies and non-profit organizations to find, incubate, develop and finance promising start-ups. Centerpiece of the incubator and investment business is to be the "start-it incubator platform", a blockchain-based platform that will offer bitcoin based lending and investment services to start-up companies concentrating on online gaming. As previously announced, the Start-It Network has managed to attract more than a million registered crypto-currency users with more than 1,000 websites registered in the Network.

On October 13, 2015, BitRush announced its successful acquisition ("the Transaction") of all of the assets of an advertising platform, AdBit (www.adbit.co), which is an ad network (ad broker services) within the bitcoin ecosphere. The Transaction will be paid for with cash and shares. Pursuant to the Transaction, BitRush acquired the domain, www.adbit.co, along with the platform applications and the business itself. Bitrush paid a total of \$117,332 for the acquisition of Adbit during 2015.

Further investments were made in developing a cryptocurrency gaming application (\$ 45,018) and in purchasing Knowhow for Coinex (\$8,113) – the cryptocurrency payment channel project - of Bitrush.

Share ownership of the Corporation

Subsequent to the transaction, and as of December 31, 2015 the capital structure and share ownership of the Corporation was as follows:

Shareholder	Number of Shares	Percentage of Shares
MezzaCap Investments Ltd	83,287,265	69.2%
XTECH Ltd.	4,997,236	4.2%
Canadian-Russian Investors Group	5,000,000	4.2%
Singapore Investment Group	2,100,000	1.8%
Other shareholders	13,059,533	10.85%
Board & Management Team	11,863,205	9.9%

Working capital

The Corporation's had a cash balance at the end of December 31, 2015 amounting to \$209,380 (2014 - \$3,154), with working capital of \$115,077 (2014 – \$15,575 (deficit)).

Financial Results

ITEM 4 - Summary of Quarterly Results

The following table sets forth the Corporation's revenue, net loss and loss per common share for each quarter ended on the date indicated.

	Revenues	Net loss \$	Loss per share, basic and diluted
December 31, 2015	2,960	(209,578)	0.00
September 30, 2015	8,507	(2,259,875)	0.00
June 30, 2015	14,630	(7,064)	0.00
March 31, 2015	13,938	(11,484)	0.00
December 31, 2014	22,480	(25,983)	0.00
September 30, 2014	50,157	(21,102)	0.00
June 30, 2014	(961)	(22,390)	0.00
March 31, 2014	43,567	8,515	0.00
December 31, 2013	-	(63,174)	0.00

During the Three Months Ended December 31, 2015 Bitrush concentrated on integrating the Adbit websites and started to reduce its fiat currency activities thereby reducing its revenues from advertising with Google adsense by \$19,538 (86.76%) to \$2,960 from \$22,498 (Three months ended Dec, 31, 2014) and by \$5,547(65%) from \$ 8,507(for the Three months ended September 30, 2015).

In the Three Months Ended December 31, 2015 Bitrush put a lot of effort in developing its business activities in the gaming (development of Start-it) and advertising area (\$61,152) as well as in the

cryptocurrency payment channel development (\$15,000) resulting in an material increase of \$79,214 business development expenses compared to the Sept, 30, 2015 figure (\$ 22,786) and the Three months ended as of Dec, 31, 2014 figure (\$1,925).

Management anticipates investing further in business development activities as it seeks to further identify opportunities to build shareholder value.

The share based payments expense for the three months totaling to \$53,333 result from the option plan described in ITEM 9 and has to be compared to a total of \$ 92,443 for the three months ending as of September 30, 2015.

For the quarter ended December 31, 2015, the Corporation had administrative expenditures of \$25,637 versus \$6,696 for the total year 2014 and versus \$75,543 for the period ended as of September 2015. The decrease of \$46,976 (64.7%) compared to the third quarter can be explained by the increased travelling expenses in arranging the private placement as well as by one-off charges incurred in arranging the annual general meeting.

In the quarter ended December 31, 2015, the Corporation incurred professional expenses amounting to \$89,509 versus \$34,489 for the months ended as of September 30, 2015 resp. to \$5,668 for the full year 2014. The increase is due to the higher legal, accounting and auditing expenses related to the RTO Transaction, Fundamental Change procedures, higher and generally more complex transactions compared to last year.

For the quarter ended December 31, 2015, the Corporation had an operating loss of \$209,578 versus \$19,690 the year earlier, and an increase of \$146,404 (231.75%) compared to the three months ending Sept, 30, 2015. Due to the increased business activity of the Corporation no comparison is possible. The loss shown for the three months ended September 30, 2015 reflect the one-off expense of the deemed share listing expenses and transaction costs of \$2,319,386 only partly offset by the positive effect of the debt waiving income from the subordinated convertible debts amounting to \$ 262,816.

ITEM 5 - Liquidity

The current assets of \$255,945 exceed the current liabilities of \$140,868 for a working capital of \$115,077 versus a negative net working capital as at December 31, 2014 of \$15,575.

In addition, as of the date of this disclosure, the Corporation currently has the following warrants issued and outstanding:

Quantity	Type	Exercise Price	Expiry Date
1,500,000	Share Purchase Warrants	\$ 0.10	December 31, 2016
7,350,000	Share Purchase Warrants	\$ 0.15	September 8, 2017

On March 15, 2016 the Corporation completed a non-brokered private placement of 6,650,000 units of securities at a price of 10 cents per unit (one share and one warrant to purchase half a share).

The proceeds of the offering will be used to further investment in software development in the cryptocurrency business.

ITEM 6 - Off-Balance Sheet Arrangement

As of the date of this filing, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital

resources that have not previously been discussed.

ITEM 7- Capital Management

The Corporation expects to have moderate revenues during the next 12 months, generating cash from operations to a limited extent.

In order to finance the Corporation’s future development and expansion, management will be seeking to raise additional funds primarily by way of the issuance of common shares from the treasury or short-term debt facilities. The timing and ability to fulfill these objectives will depend on the liquidity of the financial markets, as well as the willingness of investors to finance junior companies, particularly, junior companies with limited or no operations history.

Management believes that the Corporation will have sufficient cash on hand to meet its current obligations for the following 12 months including capital commitments as discussed herein. However, there is no certainty that it will be successful in raising additional funds, if needed, and therefore the Corporation will be dependent on management and insiders of the Corporation to advance funds as necessary and assume expenses on behalf of the Corporation.

ITEM 8 - Transactions With Related Parties

Related parties include the board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related Parties also include the company’s majority shareholder Mezzacap Investments Ltd and its 100% shareholder Alfred Dobias.

The amounts due to related parties of the Company at the reporting date, as disclosed in the table below, arose because of transactions entered into with the related parties in the ordinary course of business. Related party transactions conducted in the normal course of operations are measured at estimated fair value which is equal to the exchange amount.

Amounts due from (owed to) related parties for the years ended:

	December 31, 2015	December 31, 2014
Related party receivable	\$6,998	\$1,903
Payable to officers and directors	\$21,934	\$287

The related party receivable amount is due from entities with common directors.

Included in the amount owing to officers and directors is \$13,404 (December 31, 2014 - \$287) owing to Alfred Dobias for short-term borrowings to Bitrush.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the periods ended December 31, 2015 and 2014 was as follows:

	2015	2014
	\$	\$
Salaries including bonuses	105,249	121,620

Waived		(109,645)
Share-based payments ¹	145,776	-
	251,025	11,975

The marketing director of the Company has been in the Bitcoin marketing and software business since 2010. During the period ended December 31, 2013 the Company was billed for acquisitions costs totaling \$265,026 by this individual for database rights and copyrights. In addition, the Company was charged by this individual marketing and consulting fees which in 2014 totaled \$121,620 and in 2013 totaled \$232,907. These expenses are included under business development expenses. On December 31, 2013 this individual waived \$195,153 of the amount which arose on the transfer of the database rights and copyrights and on December 31, 2014 he waived \$109,645 of the \$121,620 in consulting fees incurred in 2014.

As part of the debt waiver agreements a provision was granted for repayment of the amounts waived should certain condition be met within a three-year period from the date the debt was waived. The conditions are as noted below:

- i) The operating cash flow of the Company exceeds both 3% of gross revenue and \$150,000;
- ii) A Liquidity Event takes place. A "Liquidity Event" is defined as the Company completing one or more equity financings totaling \$2.0 million and including a pre-money valuation of the Company of no less than \$6.0 million.

In management's opinion neither of these conditions are likely to be met within the stipulated three year periods and therefore no provision has been set up for repayment of the waived amounts.

In June 2015, the Corporation entered into a loan agreement with a company that is a related party with Bitrush through common directorship. The amount of the loan was \$20,000 and incurred interest charges of 6% for a six-month period. The Corporation repaid the loan in full within three months; interest of \$600 is included on the Statements of Loss and Comprehensive Loss.

The Company's stock option plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed five years at exercise prices not less than the closing price of the shares on the Canadian Securities Exchange on the trading day immediately preceding the date the options are granted, and are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued and outstanding common shares.

During the period ended December 31, 2015, Bitrush granted 9,000,000 options to directors, officers and consultants of the Corporation. The options vest as to 1,500,000 immediately and 1,500,000 each quarter thereafter until they are fully vested. Options outstanding to purchase common shares at September 30, 2015 have a weighted average exercise price of \$0.10. Individual options grants carry exercise prices and remaining terms to maturity as follows:

Number of options	Options Exercisable	Exercise price	Grant Date Fair Value of Vested Options	Expiry date	Remaining Contractual Life Outstanding
#	#	\$	\$		(Years)
9,000,000	1,500,000	0.10	145,776	17-Sep-2018	2.70

The fair values of options granted have been estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

Expiry Date	Grant date share price \$	Exercise price \$	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
17-Sep-2018	0.10	0.10	100	3.0	0	0.44

ITEM 9 – Risk Factors

Investment in BitRush must be considered highly speculative due to the fact that the Corporation does not have operating experience in the financial technology sector, and thus should be considered as a new company with limited operating history along with its current formative stage of development, its current financial position and its lack of earnings record. An investment in any securities of the Corporation should only be considered by those persons who can withstand the potential for a total loss of their investment. The following is a summary of the risk factors to be considered:

- **Price Volatility of Publicly Traded Securities:** in recent years and especially in the recent months, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.
- **Possible Failure to Realize Anticipated Benefits of Future Acquisitions:** the Corporation is seeking to complete acquisitions. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own and other operations that it acquires subsequently.
- **Markets for Securities:** There can be no assurance that an active trading market in the Shares of the Corporation will be established and sustained. The market price for the Shares of the Corporation could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of the Corporation's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Corporation.
- **Shareholder Structure:** Due to the fact that the Corporation changed its business several times during the past years there is a risk that the new business direction might not be in the best interest of some shareholders which may have an adverse effect on the development of the price for the securities of the Corporation.
- **Issuance of Debt:** from time to time the Corporation may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards that it will be operating within.
- **Dilution:** the Corporation's common shares, including incentive stock options, rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into common shares of the Corporation, may be created, issued, sold and delivered on such terms and conditions and at such times as the board of the Corporation may determine.
- **Net Asset Value:** the Corporation's net asset value will vary dependent upon a number of factors which include but are not limited to: the number of common shares, value of the assets owned by

the Corporation which would be based on the demand and supply of the assets owned by the Corporation.

- **Reliance on Management:** Shareholders of the Corporation will be dependent on management of the Corporation in respect of the administration and management of all matters relating to the Corporation and its operations.
- **No Dividends:** to date, the Corporation has not paid any dividends, and it is not anticipated that the Corporation will pay any dividends in the near future.
- **Changes in Legislation:** it is possible that the Canadian federal and provincial government or regulatory authorities could choose to change the Canadian federal income tax laws, regulatory reporting rules in the financial technology sector, or other laws applicable to Corporation and that any such changes could materially adversely affect the Corporation and the market value of the Corporation securities.
- **Early Stage Development Risks:** the Corporation has started business in the cryptocurrency area only in 2014. Accordingly, the company only has a limited operating history. However, since incorporation the business model has changed significantly. The company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development.
- **Future Financing Requirements:** the Corporation may need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms.
- **MezzaCap has not made profits since its incorporation.** Its future profitability will, in particular, depend upon its success in developing and managing a significant number of crypto-currency internet platforms and to the extent to which any of these platforms themselves are able to generate significant revenues. Because of the limited operating history, the changes in the business and the uncertainties regarding the development of the crypto-currency market, the company does not believe that the operating results to date should be regarded as indicators for Mezzacap's future performance.
- **Changes in or more aggressive enforcement of laws and regulations could adversely impact the Corporation's business.** Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Corporation's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.
- **The Corporation may be unable to enforce its legal rights in certain circumstances** In the event of disputes arising at or in respect of, the Corporation's foreign or domestic operations. The Corporation may be subject to the exclusive jurisdiction of foreign or domestic courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or other jurisdictions. The Corporation may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.
- **The Corporation's prospects depend on its ability to attract and retain key personnel.** Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the development of crypto-currency projects is limited and competition for such persons is intense. As the Corporation's business activity grows, it will require additional key financial, administrative, marketing and public relations personnel as well as additional staff on the operations side. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

- Difficulties of managing growth: Since commencement of operations, MezzaCap has experienced rapid demand for its services, and this growth is expected to continue in future years. Growth and expansion of the business places a continuous and significant strain on management, operational and financial resources. The Corporation's ability to continue to grow will depend on a number of factors, including the following:
 - To establish and manage successfully business relationships with strategic partners, suppliers and customers;
 - To maintain a competitive position through the further development and expansion of the Corporation's range of services;
 - To penetrate new markets; and
 - To finance such growth internally and externally.

It is not assured that the Corporation will be able to manage and control this expected growth effectively.

- Development of Crypto-currency: BitRush intends to focus its business on the development and servicing of crypto-currency-based platforms. Crypto-currency is a young and rapidly growing business area. Although it is widely predicted that crypto-currency will become a leading means of digital payment, it cannot be assured that this will in fact occur. Our future success is dependent on the widespread acceptance of crypto-currency as a means of payment within the digital economy.

In particular, the factors affecting the further development of the cryptocurrency industry include:

- Worldwide adoption and usage of bitcoins and other cryptocurrencies
 - Regulations by governments and/or by organizations directing governmental regulations (such as the European Union) regarding the use and operation of and access to bitcoins and cryptocurrencies
 - Changes in consumer demographics and public behavior, tastes and preferences
 - Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services
 - General economic conditions and the regulatory environment relating to cryptocurrencies
- Dependence on Third Party Relationships: The Corporation is highly dependent on a number of third party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will prove to be as advantageous as currently anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to ensure that all associated partners will perform their obligations as agreed or that any strategy agreement will be specifically enforceable by the Corporation.
 - Dependence on Internet Infrastructure, Risk of System Failures, Security Risks and Rapid Technological Change: The success as a developer of crypto-currency-based platforms will depend by and large upon the continued development of a stable public infrastructure, such as a blockchain with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Crypto-currency has experienced, and is expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the crypto-currency infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make crypto-currency a viable medium for digital payments will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Corporation's services to changing technologies.
 - Intellectual Property Rights: The only significant intellectual property rights are certain domain names which the Company owns, and the licenses which have to be in accordance with certain

industry standards. The Corporation does not believe that it is dependent on any of these intellectual property rights; however, the loss of several of them at any one time could harm its business, results of operations and its financial condition. Although the Corporation is not aware of violating commercial and other proprietary rights of third parties it cannot be assured that all of its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no legal disputes in this respect or perceptible detrimental effects on the Company's business have arisen to date, any such claims and/or disputes that could arise may result in liability for substantial damages which in turn could harm the Corporation's business, results of operations and financial condition.

- Volatilities in bitcoin prices: The markets for cryptocurrencies, in particular bitcoins, have experienced much larger fluctuations than other security markets. In particular, there was a "Bitcoin Crisis" late 2013 / early 2014 as a result of the improper usage of bitcoins to finance questionable, even illegal activities. As a result the price of bitcoin rose from about \$130 to almost \$1,000 within one month and dropped thereafter continuously showing drastic swings until it reached a value of \$215 early 2015. Thereafter, the bitcoin price seems to have stabilized having reached more than \$280 in October 2015. However, no assurances can be given that the bitcoin price might show erratic swings in the future again which could be related not only to improper payment activities involving bitcoins but also regulations by law makers in various countries

Furthermore, bitcoins and other cryptocurrencies have not been widely adopted as a means of payments for goods and services by the majority of retail and commercial outlets. On the other hand, a significant portion of the demands for bitcoins is generated by investors and speculators focussing on generating profits by buying and holding bitcoins which might create limitations on the availability of bitcoins to pay for goods and services resulting in increased volatility of bitcoins and other cryptocurrencies which could adversely impact an investment in the Corporation.

Several factors may affect the price and the volatility of bitcoins, including, but not limited to:

- Global bitcoin demand depending on the acceptance of bitcoins by retail merchants and commercial businesses, the perception that the use and holding of bitcoins is safe and secure as well as the lack of regulatory restrictions;
 - Investor's expectations with respect to the rate of inflation;
 - Interest rates;
 - Currency exchange rates, including exchange rates between bitcoins and fiat currency;
 - Fiat currency withdrawal and deposit policies on bitcoin exchanges and liquidity on such bitcoin exchanges;
 - Interruption of services or failures of major bitcoin exchanges;
 - Large investment and trading activities in bitcoins;
 - Monetary policies of governments, trade restrictions, currency de- and revaluations;
 - Regulatory measures restricting the use of bitcoins as a form of payment or the purchase of bitcoins;
 - Global or regional political, economic or financial events and situations, including increased threat of terrorist activities;
 - Self-fulfilling expectations of changes in the bitcoin market.
- Stability of bitcoin exchanges: The price of bitcoins is established by public bitcoin exchanges that have, by nature of their business, a limited operating history. So far, even the largest bitcoin exchanges have been subject to operational interruptions or even collapse (Mt. Gox). The interruption and the collapse of bitcoin exchanges may limit the liquidity of bitcoins resulting in volatile prices and a reduction in confidence in the bitcoin network and the bitcoin exchange market. The deposit or withdrawal of fiat currency into or from the bitcoin exchanges may also affect the price of bitcoins. Operational limits regarding the settlement with fiat currencies may also reduce the demand to use bitcoin exchanges which would adversely affect an investment in the Corporation.

Bitcoin exchanges are relatively new and largely unregulated, and may, therefore, be more exposed to fraud and failure than other, more established currency and commodity exchanges. While smaller bitcoin exchanges are lacking infrastructure and capitalization the larger bitcoin exchanges are more likely to become targets of hackers and malware. Also, arbitraging activities between bitcoin exchanges may destabilize some of the smaller bitcoin exchanges. A lack of stability in the bitcoin exchange market may reduce the confidence in the bitcoin network affecting adversely an investment in the Corporation.

- **License Requirements:** the Corporation has not been required to apply for brokerage licenses as the cryptocurrencies have only recently come into the focus of regulation authorities in various countries. As a result of those regulations the Corporation might be required to apply for a brokerage and/or banking license or permits which could become very expensive and unaffordable. This is one of the reasons why the Corporation is constantly looking for funding, but no assurances can be given that funding to secure such licenses or permits is available at any given time. Furthermore, appropriately qualified personnel might be required to maintain such licenses and permits, but there are no assurances that Corporation might be in the position to hire such qualified personnel when required.
- **Changes in the bitcoin network protocol:** The bitcoin network is based on a protocol governing the peer-to-peer interactions between computers that are connected to each other within the bitcoin network. The governing code regulating such math-based protocol is informally managed by a development team initially appointed by the purported creator of the bitcoin network, Satoshi Nakamoto. This development team, though, might propose and implement amendments to the bitcoin network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the mining of bitcoins. Such changes of the original protocol and software may adversely affect an investment in the Corporation.
- **Acceptance of virtual currencies:** Although the Corporation believes that the usage of bitcoins and cryptocurrencies will be focussed on the technology to transmit and clear fiat currencies their usage as virtual currency will be an important factor as well. Hence, in the event that companies or individual will be increasingly reluctant to accept virtual currencies, such limited usage of bitcoins and cryptocurrencies could adversely affect an investment in the Corporation.
- **Misuse of Cryptocurrencies:** Ever since the existence of cryptocurrencies and, especially, bitcoins there has been attempts to use them for speculation purposes and manipulations by hackers to use cryptocurrencies for malicious purposes. Although law makers increasingly regulate the use and applications of cryptocurrencies and software is being developed to curtail hacker activities as well as misuses by speculators no assurances can be given that those measures will be sufficiently deter those illegal activities in the future.

In particular, misuses could occur if a malicious actor or botnet (i.e. a series of computer controlled by a networked software coordinating the actions of the computers) obtains a majority of the processing power controlling the bitcoin mining activities and altering the blockchain which the bitcoin network and all bitcoin transactions is relied upon. For instance, the malicious actor or botnet could reuse its own bitcoins more than once preventing the confirmation of other users' transactions which would mean a serious breach of the original protocol which could adversely affect an investment in the Corporation.

Moreover, if the award for solving transaction blocks declines and transaction fees are not sufficiently high, the incentive to continue mining would decrease and could lead to a stoppage of mining activities. The collective processing power of the bitcoin network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaption and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the bitcoin network more vulnerable to malicious actors or botnets obtaining control of the bitcoin network processing power.

- Recording of transactions: It is feasible that bitcoin miners will cease to record transactions in solved transaction blocks. In particular, transactions that do not include the payment of transaction fees will not be recorded on the blockchain until a transaction block is solved by bitcoin miners who are not required to pay such transaction fees. Any widespread delays in the recording of bitcoin transactions could result in a loss of confidence in the bitcoin network which could adversely affect an investment in the Corporation.
- Deviations from the bitcoin network: Bitcoin is an open source project; there is no official developer or group of developers formally controlling the bitcoin network. Any individual may download the bitcoin network software and make any desired modifications. However, bitcoin miners and users must consent to those software modifications by downloading the altered software or upgrading the implemented changes, otherwise the changes do not become a part of the bitcoin network. Since the network's inception, changes to the bitcoin network have been accepted by the vast majority of users and bitcoin miners which was necessary for the bitcoin network to remain a coherent economic system. However, a developer or a group of developers could potentially propose a modification to the bitcoin network that is not accepted by the vast majority of bitcoin miners and users, which could result in the development of a second open source bitcoin network running the modified version side by side with the bitcoin network running the not modified software program. While the development of several blockchains could be viewed as an opportunity to expand the entire bitcoin network addressing the desires of different target groups it could be also viewed as risk element disrupting the ideas and objectives of the original protocol.

The Corporation's proprietary key technology BitCore is a blockchain based application using the bitcoin protocol. BitCore stores extra data onto regular bitcoin transactions, which makes every BitCore transaction a bitcoin transaction, i.e. BitCore operates an "add-on" to the publicly available blockchain. Extensive use of BitCore, however, could lead to the creation of an alternative blockchain which could be viewed as a disruption of the original intent described in the bitcoin protocol.

ITEM 10 - Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Indefinite life of intangible assets

Intangible assets include websites and technology associated with those websites. Management has determined that these intangible assets have an indefinite life. In making its assessment, management considered several factors including the daily traffic to the website and the continuous modification of the underlying technology. Based on these factors, management has determined that there is no foreseeable limit to the period over which the asset is expect to generate cash inflows for the entity. See Note 4 in the notes to the audited financial statements.

ii) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

iii) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iv) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

v) Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi) Bitcoin operations

The Company operates several websites that pay out very small amounts of bitcoins in exchange for the user performing certain simple tasks. The Company also operates several websites that allow a user to put some of the bitcoins that they have received as a result of these micro transactions at risk in exchange for the potential to earn more Bitcoins. Management has taken the position that these websites are not gambling websites and, as such, has not applied for or been granted a gambling license by any government or non-government authority. Management position that these are not gambling websites is based on the following concepts:

- Bitcoins are not seen as legal currency by any major government body
- The Company does not earn revenues from these transactions as any bitcoins lost by the user are returned to the pool and can be earned by other users. The Company earns revenues from advertisements on these websites.

- The Company does not lose anything as payouts are restricted to the number of bitcoins that have been funded by the Company on a specific website at any given time and this amount is replenished on a regular basis, usually daily.

- The Company does not allow a user to add Bitcoins to their account for purposes of these transactions. Only the Bitcoins that a user earns while browsing the Company's websites may be put at risk in order to earn more bitcoins

ITEM 11 - Future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for the Company's accounting periods beginning on January 1, 2016 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The amendments to IFRS 9 are effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

IFRS 15 - “Revenue from contracts with customer” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017. The Company has not yet assessed the impact of adoption.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

ITEM 12 - Financial Instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 2 to the Annual Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest-bearing financial assets and liabilities is determined by discounting the

contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk. Carrying values of the Corporation's financial assets and financial liabilities approximate their fair values as at September 30, 2015 and December 31, 2014.

Carrying values of financial assets and financial liabilities as at December 31, 2015, and December 31, 2014 were as follows:

December, 2015				Total
Cash	\$ 209,380	\$ -	\$ -	\$ 209,380
Prepaid and other assets	-	39,567	-	39,567
Related party receivables	-	6,998	-	6,998
Accounts payable and accrued liabilities	-	-	(118,934)	(118,934)
Related party payable	-	-	(21,934)	(22,934)
	\$ 209,380	\$ 46,565	\$ (140,868)	\$ (115,077)

December 31, 2014				Total
Cash	\$ 3,154	\$ -	\$ -	\$ 3,154
Prepaid and other assets	-	504	-	504
Related party receivables	-	1,903	-	1,903
Available-for-sale financial assets	-	-	-	-
Accounts payable and accrued liabilities	-	-	(20,850)	(20,850)
Related party payable	-	-	(287)	(287)
	\$ 3,154	\$ 2,407	\$ (21,137)	\$ (15,575)

Fair Value Hierarchy

The Corporation values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The following table outlines financial assets and liabilities measured at fair value in the consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

December 31, 2015	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 209,380	\$ -	\$ -	\$ 209,380
Prepaid and other assets	-	39,567	-	39,567
Related party receivables	-	6,998	-	6,998
Accounts payable and accrued liabilities	(118,934)	-	-	(118,934)
Related party payable	-	(21,934)	-	(21,934)
	\$ 90,446	\$24,631	\$ -	\$115,077

December 31, 2014	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 3,154	\$ -	\$ -	\$ 3,154
Prepaid and other assets	-	504	-	504
Related party receivables	-	1,903	-	1,903
Accounts payable and accrued liabilities	(20,848)	-	-	(20,850)
Related party payable	-	(287)	-	(287)
	\$ (17,696)	\$ 2,120	\$ -	\$ (15,576)

Financial Instrument Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies or procedures as at and during the periods ended December 30, 2015 and 2014.

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had cash and sundry receivables of \$ 248,947 (December 31, 2014 - \$3,658) to settle current liabilities of \$140,868 (December 31, 2014 - \$21,137). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at September 30, 2015 and December 31, 2014, no amounts were held in short-term deposit certificates. Interest rates on the debentures and loans are fixed and therefore interest rate risk is considered by Management to be low.

(b) Foreign currency risk

The Corporation's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Corporation is exposed to some foreign currency fluctuations as its subsidiary, MezzaCap, is located in Austria and mainly transacts in Euros and its functional currency is the Euro. Some reimbursable employee expenses paid by the parent company, Bitrush, are in Euros, however, the amount is not significant and related foreign exchange gains and/or losses on payment of such amounts have no material impact on the Corporation's financial results. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Each entity within the consolidated group maintains bank accounts and makes payments in their respective functional currencies. No single entity holds significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Crypto-currency risk

The Company is exposed to risk with respect to crypto-currency prices and valuations which are largely based on the supply and demand of bitcoins and other crypto-currencies and their acceptance in the financial market.

Development of Crypto-currency: BitRush intends to focus its business on the development and servicing of crypto-currency-based platforms. Crypto-currency is a young and rapidly growing business

area. Although it is widely predicted that crypto-currency will become a leading means of digital payment, it cannot be assured that this will in fact occur. Our future success is dependent on the widespread acceptance of crypto-currency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation, and uncertainties regarding proprietary rights and other legal issues, it can't be ruled out that such crypto-currency activities may prove in the long run to be unprofitable means for businesses.

(d) Fair value

Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, sundry receivables, related party receivables, accounts payable and accrued liabilities, and related party payables on the statement of financial position approximate fair value because of the limited term of the instruments.

ITEM 13 - Capital Structure

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of the date of this MD&A, the Corporation had the following securities issued and outstanding:

Quantity	Type	Exercise Price	
126,957,239	Common Shares	-	-
11,175,000	Warrants	\$0.15	March 15, 2018
11,550,000	Options	\$0.10	April 17, 2021

ITEM 14 – Subsequent events

During March 2016 the Corporation completed a non-brokered private placement of 6,650,000 units of securities at a price of 10 cents per unit (one share and one warrant to purchase half a share).

During April 2016 the company issued 2,500,000 options exercisable into an equal number of common shares at a price of \$0.10 per share for 5 years.