

BLUERUSH MEDIA GROUP CORP.

**INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011**

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INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011

NOTICE TO READER PURSUANT TO NATIONAL INSTRUMENT 51-102

Responsibility for Financial Statements

The accompanying unaudited interim consolidated financial statements of **BlueRush Media Group Corp.** as at and for the nine months ended April 30, 2011, have been prepared by the Company's management in accordance with Canadian generally accepted accounting principles applicable to interim financial statements (see note 2 to the interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditors' Involvement

Collins Barrow Toronto LLP, Chartered Accountants, the external auditors of the Company, have not audited or performed review procedures applicable to auditor review of interim financial statements as at and for the nine months ended April 30, 2011, nor have they conducted any procedures with respect to the supplementary financial schedules herein.

BLUERUSH MEDIA GROUP CORP.
INTERIM CONSOLIDATED BALANCE SHEET
(Unaudited - Prepared by Management)

	Note	April 30, 2011 (Unaudited)	July 31, 2010 (Audited)
ASSETS			
Current Assets			
Cash		\$ 744,175	\$ 284,752
Accounts receivable		1,156,100	1,195,419
Prepaid expenses		17,679	13,658
Income taxes and investment tax credits recoverable		-	173,608
Work in process		-	13,079
		1,917,954	1,680,516
Long Term Assets			
Equipment	3	59,379	59,099
		\$ 1,977,333	\$ 1,739,615
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 122,254	\$ 407,010
Income taxes payable		96,445	-
Deferred revenue		-	21,470
		218,699	428,480
Long Term Liabilities			
Advances from related party	4	5,011	2,228
		223,710	430,708
Shareholders' Equity			
Share capital	5	735,683	735,683
Contributed surplus	5	90,220	64,918
Retained earnings		927,720	508,306
		1,753,623	1,308,907
		\$ 1,977,333	\$ 1,739,615

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.**INTERIM CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS****(Unaudited - Prepared by Management)****FOR THE THREE MONTH PERIOD ENDED APRIL 30**

	2011	2010
REVENUE	\$ 1,346,455	\$ 847,862
EXPENSES		
Salaries and benefits	628,214	413,086
Consulting fees	332,376	163,701
General and administrative	89,940	109,390
Production costs	37,982	104,414
Professional fees	25,226	13,043
Amortization	3,781	3,745
	1,117,519	807,379
EARNINGS BEFORE TAXES	228,936	40,483
INCOME TAXES	75,549	21,245
NET EARNINGS	153,387	19,238
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC	\$ 0.005	\$ 0.001
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED	\$ 0.005	\$ 0.001

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.**INTERIM CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS****(Unaudited - Prepared by Management)****FOR THE NINE MONTH PERIOD ENDED APRIL 30**

	2011	2010
REVENUE	\$ 3,744,818	\$ 2,652,922
EXPENSES		
Salaries and benefits	1,646,853	1,255,781
Consulting fees	704,022	427,488
General and administrative	455,185	306,399
Production costs	261,145	275,252
Professional fees	38,901	33,683
Amortization	11,371	11,233
	3,117,477	2,309,836
EARNINGS BEFORE TAXES	627,341	343,086
INCOME TAXES	207,927	65,795
NET EARNINGS	\$ 419,414	\$ 277,291
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC	\$ 0.013	\$ 0.009
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED	\$ 0.012	\$ 0.009

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS****(Unaudited - Prepared by Management)****FOR THE THREE MONTH PERIOD ENDED APRIL 30**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 153,387	\$ 19,238
Adjustment for non-cash items:		
Amortization	3,781	3,745
Stock-based compensation	8,434	3,404
Changes in non-cash working capital:		
Accounts receivable	(306,967)	(159,698)
Prepaid expenses	5,371	2,717
Accounts payable and accrued liabilities	(132,655)	(12,701)
Income taxes payable	68,142	13,450
	(200,507)	(129,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	2,783	-
NET DECREASE IN CASH	(197,724)	(129,845)
CASH, BEGINNING OF PERIOD	941,899	562,692
CASH, END OF PERIOD	\$ 744,175	\$ 432,847

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS****(Unaudited - Prepared by Management)****FOR THE NINE MONTH PERIOD ENDED APRIL 30**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 419,414	\$ 277,291
Adjustment for non-cash items:		
Amortization	11,371	11,233
Stock-based compensation	25,302	10,212
Changes in non-cash working capital:		
Accounts receivable	39,319	12,523
Prepaid expenses	(4,021)	(4,925)
Work in process	13,079	-
Accounts payable and accrued liabilities	(284,756)	(42,715)
Income taxes payable	270,053	51,565
Deferred revenue	(21,470)	(43,260)
	468,291	271,924
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	2,783	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(11,651)	(6,034)
NET INCREASE IN CASH	459,423	265,890
CASH, BEGINNING OF PERIOD	284,752	166,957
CASH, END OF PERIOD	\$ 744,175	\$ 432,847

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Prepared by Management)

APRIL 30, 2011

1. NATURE OF BUSINESS

BlueRush Media Group Corp. ("BlueRush" or the "Company") with its head office in Toronto, Ontario, was incorporated on April 6, 2004 pursuant to the Business Corporations Act (Ontario). The Company, through its wholly owned subsidiary, BlueRush Digital Media Corp. is a digital marketing company which combines leading edge technology with award winning creative television production.

2. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared the unaudited consolidated financial statements of the Company in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial reporting. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. The following information should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2010 and the notes thereto. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the January 31, 2011 interim consolidated financial statements.

These unaudited consolidated financial statements include the accounts of BlueRush and its wholly owned subsidiary, BlueRush Digital Medical Corp. All intercompany accounts and transactions have been eliminated on consolidation.

3. EQUIPMENT

The components of equipment are as follows as at April 30, 2011:

	Cost 2011	Accumulated Amortization 2011	Net 2011
Computer equipment	\$ 56,065	\$ 33,057	\$ 23,008
Furniture and fixtures	69,681	33,309	36,372
	125,746	66,366	59,380

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Prepared by Management)

APRIL 30, 2011

3. EQUIPMENT (Continued)

As at July 31, 2011:

	Cost 2010	Accumulated Amortization 2010	Net 2010
Computer equipment	\$ 51,210	\$ 27,190	\$ 24,020
Furniture and fixtures	62,883	27,804	35,079
	\$ 114,093	\$ 54,994	\$ 59,099

4. ADVANCES FROM RELATED PARTY

Amount due to an officer and director of the Company is non-interest bearing, unsecured, and due on demand. The officer and director have agreed not to demand repayment before August 1, 2011 and accordingly, the amount has been classified as long-term on the balance sheet.

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares

b) Issued and outstanding

	Number of Common Shares	Amount
Balance, April 30, 2011 and July 31, 2010	32,318,000	\$ 735,683

c) Stock options granted

The Company grants stock options to eligible directors, officers, key employees and consultants under its stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares which may be issued pursuant to the exercise of options granted under the plan may not exceed 10% of the number of common shares outstanding at the time of grant.

The exercise price of an option granted under the plan cannot be less than the closing price of the common shares on the last day on which the common shares trade prior to the grant date of the option. An individual can receive grants of no more than 5% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding five years.

BLUERUSH MEDIA GROUP CORP.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited - Prepared by Management)****APRIL 30, 2011****5. SHARE CAPITAL (Continued)**

c) Stock options granted (continued)

In accordance with CICA Handbook Section 3870, options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

For the nine months ended April 30, 2011, no stock options were exercised or granted. Included in operating, general and administrative expenses was stock-based compensation expense of \$25,302 (nine months ended January 31, 2010 - \$10,212) relating to the stock options granted to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at April 30, 2011 and July 31, 2010 and changes during the periods then ended is presented below:

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, at beginning of period	1,690,000	\$ 0.10	2,115,850	\$ 0.10
Granted	250,000	0.10	430,000	0.10
Exercised	-	-	-	-
Forfeited/cancelled/expired	-	-	(855,850)	0.10
Outstanding, at end of period	1,940,000	\$ 0.10	1,690,000	\$ 0.10
Exercisable, at end of period	1,475,000	\$ 0.10	528,332	\$ 0.10

The Company had the following stock options outstanding at 30 April 2011:

Number of Options Outstanding	Exercise Price \$	Expiry Date
70,000	0.10	August 31, 2011
425,000	0.10	November 20, 2012
175,000	0.13	June 10, 2013
590,000	0.10	May 8, 2014
180,000	0.10	March 5, 2015
250,000	0.10	March 15, 2015
250,000	0.10	August 30, 2015
1,940,000		

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Prepared by Management)

APRIL 30, 2011

5. SHARE CAPITAL (Continued)

c) Stock options granted (continued)

Contributed surplus transactions for the respective years are as follows:

	Amount
Balance, July 31, 2009	\$ 30,414
Stock-based compensation	34,504
Balance, July 31, 2010	64,918
Stock-based compensation	25,302
Balance, April 30, 2011	\$ 90,220

6. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related party transactions during the nine months ended April 30, 2011 were as follows:

a) Included in consulting expenses is an amount of \$22,500 (2010 - \$5,000) for consulting fees paid to a company owned by the Chief Financial Officer for services rendered.