

BLUERUSH MEDIA GROUP CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013
(Presented in Canadian Dollars)
(Unaudited)**

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013
CONTENTS

(Unaudited)

	<u>Page</u>
NOTICE TO READER	1
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	
Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Comprehensive Income	3
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7

BLUERUSH MEDIA GROUP CORP.

NOTICE TO READER

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements ("the financial statements") of BlueRush Media Group Corp. as at and for the three months and six months ended January 31, 2014 and 2013 have been prepared by the Company's management in accordance with International Financial Reporting Standards applicable to the financial statements (see note 2 to the financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' Involvement

Collins Barrow Toronto LLP, the external auditors of the Company, have not audited or performed review procedures applicable to auditor review of these financial statements as at and for the three months and six months ended January 31, 2014 and 2013 nor have they conducted any procedures with respect to the supplementary financial schedules herein.

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

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS OF
(Presented in Canadian Dollars)

	Note	January 31, 2014 (Unaudited)	July 31, 2013 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,346,239	\$ 1,030,506
Accounts receivable	4	538,588	1,016,346
Prepaid and other assets		76,950	37,284
Income taxes and investment tax credits recoverable		375,868	276,422
Unbilled revenue		291,625	168,855
Work in process		118,846	159,379
Total Current Assets		2,748,116	2,688,792
Long Term Assets			
Equipment	5	53,427	60,187
Total Assets		\$ 2,801,543	\$ 2,748,979
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 247,783	\$ 262,012
Deferred revenue		293,096	446,314
Deferred tax liability		2,114	2,114
Total Current Liabilities		542,993	710,440
Commitments	8		
Equity			
Share capital	9	763,633	763,633
Contributed surplus	9	333,738	333,738
Retained earnings		1,161,179	941,168
Total Equity		2,258,550	2,038,539
Total Liabilities and Equity		\$ 2,801,543	\$ 2,748,979

Approved on Behalf of the Board

Signed - "Larry Lubin" - Director

Signed - "Len Smofsky" - Director

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

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED
(Presented in Canadian Dollars)
(Unaudited)

	Note	January 31, 2014	January 31, 2013
REVENUE		\$ 1,276,118	\$ 1,369,263
EXPENSES			
Salaries and benefits		784,875	662,463
Consulting fees		245,328	343,044
General and administrative	10	180,365	188,975
Production costs	10	70,025	87,396
Professional fees		(5,501)	(1,800)
Depreciation		2,812	4,652
Total Expenses		1,277,904	1,284,730
(LOSS) EARNINGS BEFORE TAXES		(1,786)	84,533
Current income taxes (recovery)		(19,226)	26,533
Deferred income taxes		-	19,402
NET EARNINGS AND COMPREHENSIVE INCOME		17,440	38,598
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC		\$ 0.001	\$ 0.001
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC		32,518,000	32,482,754
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED		\$ 0.000	\$ 0.001
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED		35,638,000	33,281,400

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

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED
(Presented in Canadian Dollars)
(Unaudited)

	Note	January 31, 2014	January 31, 2013
REVENUE		\$ 2,655,572	\$ 2,559,151
EXPENSES			
Salaries and benefits		1,341,623	1,038,667
Consulting fees		496,442	662,933
General and administrative	10	364,890	320,895
Production costs	10	138,253	160,187
Professional fees		36,355	34,003
Depreciation		6,759	9,404
Total Expenses		2,384,322	2,226,089
EARNINGS BEFORE TAXES		271,250	333,062
Current income taxes		51,241	26,553
Deferred income taxes		-	74,449
NET EARNINGS AND COMPREHENSIVE INCOME		220,009	232,060
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC		\$ 0.007	\$ 0.007
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC		32,518,000	32,482,754
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED		\$ 0.006	\$ 0.007
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED		35,638,000	33,281,400

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

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JANUARY 31, 2014 AND 2013
(Presented in Canadian Dollars)
(Unaudited)

	Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance - July 31, 2012	32,368,000	\$ 742,633	\$ 260,675	\$ 591,436	\$ 1,594,744
Shares issued on options exercised	150,000	21,000	(6,000)	-	15,000
Net earnings	-	-	-	232,060	232,060
Stock-based compensation	-	-	54,628	-	54,628
Balance - January 31, 2013	32,518,000	\$ 763,633	\$ 309,303	\$ 823,496	\$ 1,896,432
Balance - July 31, 2013	32,518,000	763,633	333,738	941,170	2,038,541
Net earnings	-	-	-	220,009	220,009
Balance - January 31, 2014	32,518,000	\$ 763,633	\$ 333,738	\$ 1,161,179	\$ 2,258,550

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

BLUERUSH MEDIA GROUP CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED
(Presented in Canadian Dollars)
(Unaudited)

	January 31, 2014	January 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 220,009	\$ 232,060
Item not requiring an outlay of cash:		
Amortization	6,759	9,404
Stock-based compensation	-	54,628
Deferred income taxes	-	74,449
Changes in non-cash working capital:		
Accounts receivable	477,758	149,227
Prepaid and other assets	(39,666)	87
Work in process	40,533	(304,976)
Unbilled revenue	(122,770)	(9,150)
Income taxes and investment tax credits recoverable	(99,446)	26,553
Accounts payable and accrued liabilities	(14,229)	(26,726)
Deferred revenue	(153,215)	179,953
	315,733	385,509
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued on options exercised	-	15,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(8,515)
NET INCREASE IN CASH	315,733	391,994
CASH, BEGINNING OF PERIOD	1,030,506	674,571
CASH, END OF PERIOD	\$ 1,346,239	\$ 1,066,565
SUPPLEMENTAL CASH FLOW INFORMATION		
INTEREST PAID	\$ 7,876	\$ 497
INCOME TAXES PAID	\$ -	\$ -

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

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013

(Presented in Canadian Dollars)

(Unaudited)

1. NATURE OF BUSINESS

BlueRush Media Group Corp. ("BlueRush" or the "Company") is a digital marketing company which combines leading edge technology with award winning creative television production. The Company was incorporated on April 6, 2004 in the Province of Ontario. BlueRush is listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 75 Sherbourne Street in Toronto, Canada.

2. BASIS OF PREPARATION

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

Statement of Compliance

These unaudited condensed consolidated interim financial statements ("financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The disclosures contained in these financial statements do not contain all requirements for annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2013. These financial statements follow the same policies and methods of application as the audited consolidated financial statements for the year ended July 31, 2013, except those as described in note 3.

These financial statements were authorized by the Board of Directors on March 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Newly Adopted Accounting Policies

(a) IFRS 10, Consolidated Financial Statements ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC") 12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements ("IAS 27"). This standard is effective for annual periods beginning on or after January 1, 2013. The Company has adopted this standard for its fiscal year ending July 31, 2014. There are no material changes to the Company's financial statements from the adoption of this standard.

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013

(Presented in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Policies (Continued)

(b) IFRS 11, Joint Arrangements (“IFRS 11”)

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. This standard is effective for annual periods beginning on or after January 1, 2013. The Company has adopted this standard for its fiscal year ending July 31, 2014. There are no material changes to the Company's financial statements from the adoption of this standard.

(c) IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”)

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013. The Company has adopted this standard for its fiscal year ending July 31, 2014. There are no material changes to the Company's financial statements from the adoption of this standard.

(d) IFRS 13, Fair Value Measurement (“IFRS 13”)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013. The Company has adopted this standard for its fiscal year ending July 31, 2014. There are no material changes to the Company's financial statements from the adoption of this standard.

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013

(Presented in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Not Yet Effective

The following are IFRS changes that have been issued by the IASB, which may affect the Company, but are not yet effective:

(a) IFRS 2, Share-Based Payment ("IFRS 2")

The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

(b) IFRS 3, Business Combinations ("IFRS 3")

The amendments to IFRS 3, issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.

(c) IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

(d) IFRS 8, Operating Segments

The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013

(Presented in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Not Yet Effective (Continued)

(e) IAS 16, Property, Plant and Equipment ("IAS") and IAS 38 Intangible Assets ("IAS 38")

The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014.

(f) IAS 24, Related Party Disclosures ("IAS 24")

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

(g) IAS 36, Impairment of Assets ("IAS 36")

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

(h) IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")

The amendments to IAS 39, issued in June 2013, clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

The Company is in the process of assessing the impact that the new and amended standards will have on its financial statements and has not adopted any of the new requirements.

BLUERUSH MEDIA GROUP CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013**

(Presented in Canadian Dollars)

(Unaudited)

4. ACCOUNTS RECEIVABLE

An analysis of the credit quality of the Company's trade receivables is as follows:

	January 31, 2014 (Unaudited)	July 31, 2013 (Audited)
Current	\$ 322,147	\$ 463,476
Past due less than 90 days	115,328	509,497
Past due greater than 90 days	101,113	43,373
Less: Allowance for doubtful accounts	-	-
	\$ 538,588	\$ 1,016,346

BlueRush is exposed to credit risk on its trade accounts receivable. Credit risk is minimized by ensuring the credit worthiness of the entities with which it carries on business. The Company's clients predominantly consist of financial institutions and large public companies, many of whom are repeat clients and have long term relationships with the Company. Management regularly reviews the credit terms and collectability of accounts and in the six months ended January 31, 2014 has recorded a bad debts expense of \$22,480 (January 31, 2013 - \$Nil).

5. EQUIPMENT

The components of equipment are as follows as of January 31, 2014:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2013	\$ 69,681	\$ 92,527	\$ 162,208
Additions	-	3,137	3,137
Disposals	-	-	-
Closing balance - January 31, 2014	\$ 69,681	\$ 95,664	\$ 165,345

Accumulated Amortization	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2013	\$ 44,554	\$ 51,470	\$ 96,024
Amortization	4,661	11,233	15,894
Closing balance - January 31, 2014	\$ 49,215	\$ 62,703	\$ 111,918

BLUERUSH MEDIA GROUP CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013**

(Presented in Canadian Dollars)

(Unaudited)

5. EQUIPMENT (Continued)

Carrying Value	Furniture and Fixtures	Computer Equipment	Total
Balance - August 1, 2013	\$ 22,677	\$ 37,510	\$ 60,187
Balance - January 31, 2014	\$ 20,466	\$ 32,961	\$ 53,427

6. BANK INDEBTEDNESS

In order to meet daily cash flow requirements, the Company utilizes a revolving line of credit in the form of an overdraft on its chequing account at the Canadian Imperial Bank of Commerce ("CIBC"). The line of credit is available up to 75% of accounts receivable that are outstanding under 90 days, and 50% of accounts receivable that are outstanding between 90 and 120 days, up to a maximum of \$750,000. The line of credit is repayable on demand, is secured by a general security agreement covering all the assets of the parent and subsidiary corporations, and is interest-bearing at the CIBC prime rate plus 1.50%. As of January 31, 2014, the Company has \$308,748 in use and \$369,978 available under the line of credit.

In March 2014, the Company entered into a new credit arrangement with CIBC where the line of credit was increased to a maximum of \$1,000,000 or the aggregate of 75% of accounts receivable and 40% of work in process and unbilled disbursements (to a maximum of \$500,000). Other terms of the line of credit remain the same.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	January 31, 2014 (Unaudited)	July 31, 2013 (Unaudited)
Trade accounts payable	\$ 130,813	\$ 177,897
Accrued liabilities	83,484	37,377
Accrued vacation pay and other employee benefits	33,486	24,041
	\$ 247,783	\$ 239,315

BLUERUSH MEDIA GROUP CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013**

(Presented in Canadian Dollars)

(Unaudited)

8. COMMITMENTS

The Company has the following lease commitments for premises:

2014 (six months)	\$	104,550
2015		26,415
	\$	130,965

9. SHARE CAPITAL**Authorized**

Unlimited number of common shares

Issued and Outstanding

	Number of Common Shares	Amount
Balance - January 31, 2014 and 2013	32,368,000	\$ 763,633

Stock Option Plan

The Company has outstanding options which each can be exercised and exchanged for one common share. A summary of the status of the Company's stock options as at January 31, 2014 and changes during the six months then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	2,620,000	\$ 0.14
Granted	-	-
Exercised	-	-
Forfeited/cancelled/expired	-	-
Outstanding - end of period	2,620,000	\$ 0.14
Exercisable - end of period	2,620,000	\$ 0.14

The weighted average remaining contractual life of stock options as of January 31, 2014 is 6.57 years (July 31, 2013 - 7.08 years).

BLUERUSH MEDIA GROUP CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013**

(Presented in Canadian Dollars)

(Unaudited)

9. SHARE CAPITAL (Continued)**Stock Option Plan (Continued)**

The Company had the following stock options outstanding as of January 31, 2014:

Number of Options Outstanding	Exercise Price \$	Expiry Date
450,000	0.10	May 8, 2014
120,000	0.10	March 5, 2015
2,050,000	0.15	May 10, 2022
2,620,000		

Share Purchase Warrants

The Company has outstanding warrants which each can be exercised and exchanged for one common share. For the six months ending January 31, 2014 a summary of the status of outstanding warrants during the period is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	500,000	\$ 0.10
Granted	-	-
Exercised	-	-
Forfeited/cancelled/expired	-	-
Outstanding - end of period	500,000	\$ 0.10

The Company had the following warrants outstanding as at January 31, 2014:

Number of Warrants Outstanding	Exercise Price \$	Expiry Date
250,000	0.10	May 23, 2015
250,000	0.10	August 23, 2015
500,000		

BLUERUSH MEDIA GROUP CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013

(Presented in Canadian Dollars)

(Unaudited)

10. EXPENSES BY NATURE

General and Administrative Expenses

The components of general and administrative expenses for the six months ended January 31, 2014 are as follows:

	2014	2013
Rent and occupancy costs	\$ 150,713	\$ 126,780
Travel	59,831	40,828
Advertising and promotion	19,124	43,189
Telecommunications	21,595	25,818
Other expenses	113,627	84,280
	\$ 364,890	\$ 320,895

Production Costs

The components of production costs for the six months ended January 31, 2014 are as follows:

	2014	2013
Hosting	\$ 66,762	\$ 53,491
Camera and teleprompter	21,966	15,337
Talent	21,597	11,235
Other production costs	27,928	80,124
	\$ 138,253	\$ 160,187

11. 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. The Company's related party transactions for the six months ended January 31, 2014, were as follows:

- a) Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company. Included in salaries and benefits expense for the three and six months ended January 31, 2014 is \$93,461 and \$206,820, respectively (for the three and six months ended January 31, 2013 - \$93,461 and \$200,000, respectively) for compensation paid to key management personnel.

BLUERUSH MEDIA GROUP CORP.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2014 AND 2013**

(Presented in Canadian Dollars)

(Unaudited)

11. RELATED PARTY TRANSACTIONS (Continued)

- b) Included in salaries and benefits expense for the three and six months ended January 31, 2014 is \$Nil and \$Nil, respectively (for the three and six months ended January 31, 2013 - \$7,313 and \$14,626, respectively) for stock based compensation expense relating to the expensing of 225,000 options granted to directors in May 2012. The options vested in May 2013.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.