BlueRush Media Group Corp.

Consolidated Financial Statements

For the Years Ended July 31, 2008 and 2007

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AUDITORS' REPORT

To the Shareholders of
BlueRush Media Group Corp.

We have audited the consolidated balance sheets of **BlueRush Media Group Corp.** as at **July 31, 2008** and **2007** and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at **July 31, 2008** and **2007** and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants

October 24, 2008
Toronto, Ontario

BlueRush Media Group Corp.

Consolidated Balance Sheets
As at July 31, 2008 and 2007

	Note	2008	2007
Assets			
Current			
Cash and cash equivalents		**$ 615,696**	$ 724,296
Accounts receivable		**572,446**	98,156
Prepaids		**11,118**	464
		1,199,260	822,916
Property and equipment	5	**82,097**	32,608
		$1,281,357	$ 855,524
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 225,409**	$ 88,336
Income taxes payable		**95,554**	-
Due to related party	6	**-**	26,522
Loan payable	7	**-**	18,996
		320,963	133,854
Due to related party	6	**10,022**	-
		330,985	133,854
Shareholders' Equity			
Capital stock	8	**735,683**	735,683
Contributed surplus	9	**14,009**	-
Retained earnings (deficit)		**200,680**	(14,013)
		950,372	721,670
		$1,281,357	$ 855,524

Commitments (Note 12)

Approved by the Board **"Laurence Lubin"** (Signed) Director **"Haron Ezer"** (Signed) Director

See accompanying notes.

BlueRush Media Group Corp.

Consolidated Statements of Earnings and Retained Earnings
For the Years Ended July 31, 2008 and 2007

	Note	2008	2007
Revenue		**$2,568,612**	$ 561,883
Expenses			
Salaries and benefits		**1,218,630**	160,070
Production costs		**310,464**	117,169
Consulting fees		**310,191**	125,848
Professional fees		**57,927**	76,398
Stock based compensation		**14,009**	-
General and administrative		**331,519**	91,259
Amortization		**15,625**	5,152
		2,258,365	575,896
Earnings (loss) before income taxes		**310,247**	(14,013)
Current income taxes	13	**95,554**	-
Net earnings (loss)		**214,693**	(14,013)
Deficit at beginning of year		**(14,013)**	-
Retained earnings (deficit) at end of year		**$ 200,680**	$ (14,013)
Earnings (loss) per share - basic and diluted	14	**$ 0.007**	$ (0.001)

See accompanying notes.

BlueRush Media Group Corp.

Consolidated Statements of Cash Flows
For the Years Ended July 31, 2008 and 2007

	Note	2008	2007
Cash flows (used in) from operating activities			
Net earnings (loss) for the year		$ 214,693	$ (14,013)
Add items not affecting cash			
Amortization		15,625	5,152
Stock based compensation		14,009	-
		244,327	(8,861)
Changes in non-cash working capital items			
Accounts receivable		(474,290)	(98,156)
Prepaids		(10,654)	(464)
Income taxes payable		95,554	-
Accounts payable and accrued liabilities		137,073	88,336
		(7,990)	(19,145)
Cash flows used in investing activity			
Purchase of property and equipment		(65,114)	(37,760)
Cash flows from (used in) financing activities			
Advances from related party		-	26,522
Repayment of advances from related party		(16,500)	-
Advances of loan payable		-	18,996
Repayment of loan payable		(18,996)	-
Cash acquired	8	-	735,583
Issuance of capital stock		-	100
		(35,496)	781,201
Increase (decrease) in cash and cash equivalents during the year		(108,600)	724,296
Cash and cash equivalents at beginning of year		724,296	-
Cash and cash equivalents at end of year		$ 615,696	$ 724,296

Cash and cash equivalents represented by:

	2008	2007
Cash	$ 510,949	$ 623,603
Cash equivalents	104,747	100,693
	$ 615,696	$ 724,296

See accompanying notes.

1. NATURE OF OPERATIONS

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

On December 7, 2007, the Company changed its name from Soyers Capital Limited ("Soyers") to BlueRush Media Group Corp. The change was approved by shareholders at the annual and special meeting of shareholders held on that date.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada, within the framework of the significant accounting policies summarized below:

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, BlueRush. Inter-company balances and transactions are eliminated upon consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash in the bank and highly liquid investments with maturities of 3 months or less at the date of purchase.

Property and Equipment

Property and equipment are recorded at cost and are amortized over their estimated useful lives, at the following annual rates:

Computer equipment	- 30%, declining balance basis
Furniture and fixtures	- 20%, declining balance basis

Impairment of Long-Lived Assets

Long-lived assets comprise property and equipment. The Company recognizes an impairment loss for a long-lived asset when events or changes in circumstances cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is measured as the excess of the carrying value of the asset over its fair value.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

Share Issue Costs

Costs incurred in connection with the issuance of capital stock are recorded in share capital.

Revenue Recognition

The Company generates revenue from the creation of rich media marketing solutions. The Company's solutions are quite robust in nature as each project requires a technological, graphical and consultative component. The Company recognizes revenue related to these projects based on the completion of certain milestones during the project. These milestones are mutually set by the company and its customers. Upon confirmation from the customer of the company meeting the milestones, the company will recognize revenue for the work completed at that point of time.

Differences between timing of billings, based on contract milestones and the recognition of revenue, are recognized as unbilled accounts receivable.

Accounting for Stock-Based Compensation and Other Stock-Based Payments

The Company applies a fair value based method of accounting for all stock-based payments. Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Stock-based compensation is charged to operations over the vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

Earnings (Loss) Per Share

Basic earnings per share is calculated on the basis of the weighted average number of shares outstanding for the year. Diluted earnings per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options using the treasury stock method.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to the useful lives of property and equipment for amortization purposes, amounts recorded as accrued liabilities, valuation allowance on future tax assets and the fair values of financial instruments and stock based compensation.

3. CHANGES IN ACCOUNTING POLICY

Financial Instruments

The Company has adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation and Section 3865, Hedges.

Section 3855 establish standards for recognizing and measuring financial instruments, which include financial assets, financial liabilities, derivatives and embedded derivatives. Under these recommendations, all financial instruments are to be recorded initially at fair value. In subsequent periods, all financial instruments are re-measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held for trading, available-for-sale or other liability.

Financial Assets

Held for trading

Financial assets that are held with the intention of generating profits in the near term and derivative contracts that are financial assets, except for a derivative that is a designated and effective hedging instrument, are classified as held for trading. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in net income during the period.

Held-to-maturity

Financial assets that have a fixed maturity date and which the Company has a positive intention and the ability to hold to maturity are classified as held-to-maturity, which are subsequently re-measured at amortized cost using the effective interest rate method.

3. CHANGES IN ACCOUNTING POLICY (Cont'd)

Financial Assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are subsequently re-measured at amortized cost using the effective interest rate method.

Available-for-sale

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available-for-sale are subsequently re-measured at fair value with the changes in fair value recorded in other comprehensive income.

Financial Liabilities

Held for trading

Financial liabilities that are held with the intention of generating profits in the near term and derivative contracts that are financial liabilities, except for a derivative that is a designated and effective hedging instrument, are classified as held for trading. In addition, any other financial liabilities can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities

Non-derivative financial liabilities that have not been designated as held for trading are classified as other liabilities, which are subsequently re-measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Classification

Financial Instruments	Classification
Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities
Loans payable	Other financial liabilities

3. **CHANGES IN ACCOUNTING POLICY** (Cont'd)

Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using valuation techniques which refer to observable market data.

Comprehensive Income

Comprehensive income is composed of the Company's net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available for sale securities, net of income taxes. The Company does not currently have any other comprehensive income and, accordingly, statements of comprehensive income and accumulated other comprehensive income have not been presented.

Accounting Changes

Effective August 1, 2007, the Company adopted the new recommendations of the CICA Handbook Section 1506, Accounting Changes. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impractical, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued but not yet effective. (Note 4)

The impact that the adoption of this section will have on the Company's financial statements will depend on the nature of future accounting changes.

Capital Disclosures

Effective August 1, 2007, The Company adopted the new recommendation of the CICA Handbook Section 1535, Capital Disclosures. Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non compliance. The Company has included disclosures recommended by the new Handbook section in Note 16 to these consolidated financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after August 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for the Company for the year beginning August 1, 2008. The Company is in the process of assessing the impact of these new sections on its financial statements.

General Standards of Financial Statement Presentation

In May 2007, the Accounting Standards Board amended Section 1400 "General Standards of Financial Statement Presentation" to change guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. This requires management to assess an entity's ability to continue as a going concern, taking into account all available information about the future which is, at least, but not limited to, twelve months from the balance sheet date. Financial statements must be presented on a going concern basis unless the management either intends to liquidate the entity, cease trading or operations, or has no realistic alternative but to do so. The amendment is effective for the Company for the year beginning August 1, 2008. The Company has determined that this new section will have no disclosure impact on its financial statements.

5. PROPERTY AND EQUIPMENT

As at July 31, 2008

	Cost	Accumulated Amortization	Net 2008
Computer equipment	$ 39,991	$ 11,729	$ 28,262
Furniture and fixtures	62,883	9,048	53,835
	$ 102,874	$ 20,777	$ 82,097

As at July 31, 2007

	Cost	Accumulated Amortization	Net 2007
Computer equipment	$ 19,760	$ 3,952	$ 15,808
Furniture and fixtures	18,000	1,200	16,800
	$ 37,760	$ 5,152	$ 32,608

6. DUE TO 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 has agreed not to demand repayment before August 1, 2009 and accordingly, the amount has been classified as long term on the balance sheet.

7. LOAN PAYABLE

Loan payable bears interest at prime plus 1%, is unsecured and due on demand. Loan was fully repaid as of July 31, 2008.

8. CAPITAL STOCK

Authorized
unlimited Common shares

Issued - common shares

	Number	Value
Number of Soyers shares issued and outstanding as at July 31, 2006	9,278,000	$ 620,398
Issued in connection with a private placement	3,040,000	304,000
Transaction costs	-	(118,311)
Elimination of share capital of Soyers due to reverse takeover	-	(806,087)
Shares issued to former shareholders of BlueRush	20,000,000	100
Net asset value of Soyers (cash)	-	735,583
Balance, July 31, 2007 and 2008	**32,318,000**	$ 735,683

On May 4, 2007, Soyers acquired all of the issued and outstanding securities of BlueRush.TV Inc., which constituted the Company's Qualifying Transaction. Soyers issued 20,000,000 common shares to the shareholders of BlueRush.TV Inc in exchange for all of the issued and outstanding shares of BlueRush.TV Inc. The transaction resulted in the former shareholders of BlueRush.TV Inc obtaining control of Soyers, and consequently the transaction was accounted for as a reverse takeover with BlueRush.TV Inc as the acquirer and continuing company. Since Soyers did not constitute a business, the transaction was accounted for as a capital transaction, that is, a financing and recapitalization of BlueRush.TV Inc.

Accordingly:

(i) the assets and liabilities of BlueRush.TV Inc. are included in the balance sheet at their historic carrying values;

(ii) these financial statements reflect the period from BlueRush.TV Inc.'s date of incorporation, July 31, 2006, to July 31, 2007;

(iii) the net assets of Soyers, consisting solely of cash, are included in the balance sheet in the amount of $735,583;

(iv) capital stock, contributed surplus and deficit of Soyers are eliminated in the amounts of $806,087, $17,103, and $87,607, respectively.

(v) Soyers completed a non-brokered private placement of 3,040,000 common shares at a price of $0.10 per share for total proceeds of $304,000.

9. CONTRIBUTED SURPLUS

The following summarizes the change in contributed surplus:

	2008	2007
Balance, beginning of year	$ -	$ -
Stock-based compensation (Note 11)	14,009	-
Balance, end of year	**$ 14,009**	$ -

10. STOCK OPTIONS

Stock Option Plan

Pursuant to resolutions of the Board of Directors, a Stock Option Plan (the "Plan") has been established. The aggregate number of common shares reserved for issuance under the Plan will not exceed 10% of the total issued and outstanding common shares. The Plan is available to the Company's directors, officers, employees and consultants. Options granted pursuant to the Plan will have terms not to exceed five years, and are granted at an option price which will not be less than the fair market price at the time the options are granted. Options granted either vest immediately or within four years.

The following summarizes the stock option activities:

	2008		2007	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**925,850**	**$ 0.10**	855,850	$ 0.10
Granted	**600,000**	**0.11**	70,000	0.10
Outstanding, end of year	**1,525,850**	**$ 0.10**	925,850	$ 0.10
Exercisable	**1,013,350**	**$ 0.10**	925,850	$ 0.10

10. STOCK OPTIONS (Cont'd)

The Company had the following stock options outstanding under the Plan at July 31, 2008. Each option granted allows the holder to purchase one common share at the exercise price. As of July 31, 2008, there were 1,705,950 options available for grant.

Number of Options	Exercise Price	Expiry Date
785,850	$ 0.100	January 13, 2010
70,000	$ 0.120	April 6, 2010
70,000	$ 0.100	August 31, 2011
425,000	$ 0.100	November 20, 2012
175,000	$ 0.130	June 10, 2013
1,525,850		

11. STOCK-BASED COMPENSATION

The granting and vesting of 600,000 (2007 - 70,000) options resulted in a stock-based compensation expense of $14,009 (2007 - $NIL), which was credited to contributed surplus. The weighted average fair value of the options granted in fiscal year 2008 was estimated at $0.06 (2007 - $NIL) by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2008	2007
Risk-free interest rate	3.76%	-
Dividend yield	0%	-
Volatility	79%	-
Expected life	5 years	-

The Company has assumed no forfeiture rate as adjustments for actual forfeitures are made in the year they occur. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

12. COMMITMENTS

The Company has the following lease commitments for premises.

2009	$ 124,231
2010	130,201
2011	130,801
2012	117,594
2013	68,384
	$ 571,211

13. INCOME TAXES

(i) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/ provincial tax rates with the income tax expense in the financial statements:

	2008	2007
Earnings (loss) before income taxes	$ 310,247	$ (14,013)
Statutory rate	34.81 %	36.10 %
Expected income tax expense (recovery)	$ 107,997	$ (5,059)
Effect on income taxes of unrecognized future income tax assets relating to deductible temporary differences on:		
Property and equipment	(3,096)	-
Transaction costs	(8,237)	-
Non-deductible expenses and other	7,531	852
Change in valuation allowance relating to operations	(5,895)	(472)
Other	(2,746)	4,679
Income tax expense	$ 95,554	$ -

(ii) Future Income Taxes

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

	2008	2007
Amounts related to tax loss carry forwards	$ 31,437	$ 40,736
Property and equipment	(1,085)	1,674
Transaction costs	24,283	36,528
	54,635	78,938
Less: Valuation allowance	(54,635)	(78,938)
	$ -	$ -

(iii) As at July 31, 2008, the Company has income tax losses of $108,405 which are available to reduce future taxable income. The losses expire as follows:

2015	$ 19,959
2025	56,461
2026	26,069
2027	5,916
	$ 108,405

No future tax asset has been recognized with respect to the above tax losses.

14. EARNINGS PER SHARE

Basic earnings (loss) per share has been calculated based on the weighted average number of shares outstanding during the year of 32,318,000 (2007 - 23,058,361).

In determining diluted earnings (loss) per share, the weighted average number of shares outstanding increased by 63,312 for stock options eligible for exercise. The diluted weighted average number of shares outstanding was 32,381,312. For the years ended July 31, 2008 and 2007, no adjustments were made to net income to calculate diluted earnings per share. For the year ended July 31, 2007, the basic loss per share and the diluted loss per share were the same because the effect of options was anti-dilutive.

15. ECONOMIC DEPENDENCE

Approximately 70% (2007 - 12%) of the Company's sales are made to a particular customer. The outstanding accounts receivable from this customer as at July 31, 2008 accounted for approximately 72% (2007 - 0%) of the total accounts receivable.

16. CAPITAL MANAGEMENT

The Company considers capital stock, contributed surplus and retained earnings as capital and manages its capital to meet its funding requirements for ongoing operations. The Company obtains funding through its issuance of common shares and related party loans.

17. FINANCIAL INSTRUMENTS

Fair Value

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate fair values due to the relatively short term of these instruments. Advances from shareholders are recorded at carrying value as the advances are non-interest bearing and do not have fixed terms of repayment

Credit Risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulties and be unable to fulfil their contractual obligations. The Company mitigates its credit risk by setting credit policies and by proactively managing the credit exposure to individual accounts. The Company is exposed to significant credit risk to one customer as described in Note 15.

Liquidity risk

The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows.