Interim Consolidated Financial Statements of

BLUERUSH MEDIA GROUP CORP.

For the Three Months Ended October 31, 2010 and 2009

BLUERUSH MEDIA GROUP CORP.

Notice to Reader

October 31, 2010

Notice to reader pursuant to National Instrument 51-102

Responsibility for Consolidated Financial Statements:

The accompanying unaudited interim consolidated financial statements of BlueRush Media Group Corp. ("BlueRush" or "the Company") as at and for the three months ended October 31, 2010 and 2009 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 three months ended October 31, 2010 and 2009 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)

	October 31, 2010 (unaudited)	July 31, 2010 (audited)
Assets		
Current:		
Cash	$ 473,290	$ 284,752
Accounts receivable trade and other	1,189,504	1,195,419
Prepaid expenses	11,020	13,658
Income taxes and investment tax credits recoverable	113,485	173,608
Work in process	-	13,079
	1,787,299	1,680,516
Capital assets (note 3)	60,215	59,099
	$1,847,514	$1,739,615
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	$ 408,618	$ 407,010
Deferred revenue	-	21,470
	408,618	428,480
Due to related party (note 4)	2,228	2,228
	410,846	430,708
Shareholders' equity:		
Capital stock (note 5)	735,683	735,683
Contributed surplus (note 5(c))	73,352	64,918
Retained earnings	627,633	508,306
	1,436,668	1,308,907
	$1,847,514	$1,739,615

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.

Consolidated Statement of Earnings and Deficit
(Unaudited – Prepared by Management)

	Three Months Ended October 31, 2010	Three Months Ended October 31, 2009
	(unaudited)	(unaudited)
Income:		
Revenue	$1,050,201	$ 909,768
Expenses:		
Salaries and benefits	457,373	413,326
Production costs	106,157	86,385
Consulting fees	179,486	115,932
Professional fees	5,314	2,000
General and administrative	118,684	78,269
Amortization	3,737	3,744
	870,751	699,655
Net income before taxes	179,450	210,113
Provision for income taxes	60,123	69,337
Net income	$ 119,327	$ 140,776
Earnings per share – basic	$0.004	$0.004
Earnings per share – diluted	$0.004	$0.004

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.

Consolidated Statement of Retained Earnings
(Unaudited – Prepared by Management)

	Three Months Ended October 31, 2010	Three Months Ended October 31, 2009
	(unaudited)	(unaudited)
Retained earnings, beginning of period	$508,306	$115,093
Net income for the period	119,327	140,776
Retained earnings, end of period	$627,633	$255,869

See accompanying notes to interim consolidated financial statements.

BLUERUSH MEDIA GROUP CORP.

Consolidated Statement of Cash Flows
(Unaudited – Prepared by Management)

	Three Months Ended October 31, 2010	Three Months Ended October 31, 2009
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net income for the period	$ 119,327	$ 140,776
Items not affecting cash		
Amortization	3,737	3,744
Stock based compensation	8,434	3,404
Changes in non-cash operating working capital:		
Accounts receivable trade and other	5,915	(74,284)
Prepaid expenses	2,639	1,614
Income taxes and investment tax credits recoverable	60,123	(1,355)
Work in process	13,079	-
Accounts payable and accrued liabilities	1,608	(36,224)
Deferred revenue	(21,470)	(43,260)
Deferred tax payable	-	69,337
Cash flows from operating activities	193,392	63,752
Cash flows from investing activities:		
Purchase of equipment	(4,854)	-
Cash flows from investing activities	(4,854)	-
Increase (decrease) in cash during the period	188,538	63,752
Cash, beginning of period	284,752	166,957
Cash, end of period	$ 473,290	$ 230,709

See accompanying notes to interim consolidated financial statements.

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. ("BlueRush"), 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 October 31, 2010 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. Capital assets:

As at October 31, 2010

	Cost	Accumulated Amortization	Net
Computer equipment	$ 56,064	$29,174	$26,890
Furniture and fixtures	62,883	29,558	33,325
	$118,947	$58,732	$60,215

3. Capital assets (cont'd):

As at October 31, 2009

	Cost	Accumulated Amortization	Net
Computer equipment	$ 39,991	$20,852	$19,139
Furniture and fixtures	62,883	21,227	41,656
	$102,874	$42,079	$60,795

4. 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 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. Capital stock:

a) Authorized:
Unlimited number of common shares

b) Issued and outstanding:

	Number of Common Shares	Stated Value
Balance, October 31, 2010 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.

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.

5. Capital stock (cont'd):

c) Stock options granted (cont'd):

For the three months ended October 31, 2010, no stock options were exercised or granted. Included in operating, general and administrative expenses was stock-based compensation expense of $8,434 (three months ended October 31, 2009 - $3,404) relating to the stock options granted to directors, officers, employees and consultants of the Company, during the period prior to July 31, 2010.

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

	October 31, 2010		July 31, 2010	
	# of Options	Weighted Average Exercise Price	# 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	-	0.10	(855,850)	0.10
Outstanding, at end of period	1,940,000	$0.10	1,690,000	$0.10
Exercisable, at end of period	981,666	$0.10	898,333	$0.10

The following table summarizes information about stock options outstanding and exercisable as at October 31, 2010:

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		

5. Capital stock (cont'd):

c) Stock options granted (cont'd):

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	8,434
Balance, October 31, 2010	$73,352

6. Management of capital:

The Company includes the following in its capital:

	October 31, 2010	July 31, 2010
Shareholders' equity comprised of:		
Capital stock	$ 735,683	$735,683
Contributed surplus	73,352	64,918
Retained earnings	627,633	508,306
	$1,436,668	$1,308,907

The Company's objectives when managing capital are:

a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its suppliers and its ongoing operations;

b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

6. Management of capital (cont'd):

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

a) providing services to its customers that are profitable to the Company; and

b) raising capital through equity or debt financings.

The Company is not subject to any capital requirements imposed by a regulator.

There were no changes in the Company's approach to capital management during the period. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's management is responsible for the management of capital and monitors the Company's use of capital. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at October 31, 2010.

7. 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 three months ended October 31, were as follows:

a) Included in consulting expenses is an amount of $7,500 (2009 – nil) for consulting fees paid to a Company owned by the Chief Financial Officer for services rendered.

8. Financial instruments:

a) 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 related parties are non-interest bearing and do not have fixed terms of repayment. As such the fair value is not reliably determinable.

b) 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 fulfill their contractual obligations. The Company mitigates its credit risk by setting credit policies and by proactively managing the credit exposure to individual accounts.

There were no changes to the way the Company manages credit risk since July 31, 2010.

7. Financial instruments (cont'd):

c) Interest rate risk:

The Company is not exposed to significant interest rate risk since all funds are held at chartered banks in current accounts.

d) Foreign exchange risk:

The Company is not exposed to currency risk since it holds all its funds in Canadian dollars and does not transact business in foreign currency.

e) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due.

There were no changes to the way the Company manages liquidity risk since July 31, 2010.

The following table shows the Company's liabilities and potential due dates related to the liquidity risk as at October 31, 2010:

	Payments due by period				
	Total	**Less than 1 year**	**1 – 3 year**	**4 – 5 year**	**After 5 years**
Accounts payable and accrued liabilities	$408,618	$408,618	$ -	$ -	$ -
	$408,618	$408,618	$ -	$ -	$ -

The following table shows the Company's liabilities and potential due dates related to the liquidity risk as at July 31, 2010:

	Payments due by period				
	Total	**Less than 1 year**	**1 – 3 year**	**4 – 5 year**	**After 5 years**
Accounts payable and accrued liabilities	$407,010	$407,010	$ -	$ -	$ -
	$407,010	$407,010	$ -	$ -	$ -