BLUERUSH MEDIA GROUP CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: November 28, 2017
For the Year Ended July 31, 2017

This management's discussion and analysis of the consolidated financial condition and results of operation ("MD&A") of BlueRush Media Group Corp. ("BlueRush" or the "Company") should be read in conjunction with BlueRush's audited consolidated financial statements and notes thereto as at and for the year ended July 31, 2017 and 2016. Accounting policies followed in the preparation of the annual consolidated financial statements are disclosed in note 2 of the Notes to the audited consolidated financial statements as at and for the years then ended July 31, 2017 and 2016.

References to "We", "Our", "BlueRush", or "the Company" mean BlueRush Media Group Corp. and subsidiary, unless the context requires otherwise.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements are incorporated by reference herein and form an integral part of the MD&A. The consolidated financial statements include the accounts of BlueRush Media Group Corp. and its wholly owned subsidiary, BlueRush Digital Media Corp.

All financial information is reported in Canadian dollars.

This MD&A was approved for issue by the Board of Directors on November 28, 2017.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to, the Company's expectations regarding its future working capital requirements, including its ability to satisfy such requirements, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use loss carry forwards, and fees to be incurred by foreign subsidiaries.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: obtaining the necessary financing for operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, risks relating to oil and gas exploration activities generally, strength of the Canadian, U.S. and global economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's property interests are located and other risks included elsewhere in this MD&A under the heading "Risks" and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

NATURE OF THE BUSINESS

BlueRush Media Group Corp. ("BlueRush" or the "Company"), through its wholly owned subsidiary, BlueRush Digital Media Corp., offers a SaaS-based marketing and sales enablement platform that enables organizations to achieve greater engagement with their customers. Its flagship product, DigitalReach™, provides personalization, distribution and tracking of content to ensure control over what content is distributed to whom. BlueRush recently launched Individeo™, a highly scalable personalized video platform to provide AI-driven video content in an easy to understand, entertaining and compelling manner. The Company's suite of products is proven to improve marketing and sales performance and generate greater client satisfaction and loyalty. The Company is publicly listed on the TSX Venture Exchange trading under the symbol "BTV" and is headquartered at 75 Sherbourne Street in Toronto, Canada along with a French bilingual office in Montreal, Quebec.

OVERALL PERFORMANCE

The primary driver of shareholder value going forward will be the growth of our Software as a Service (SaaS) business. Management is pleased to report that the SaaS portion of revenues increased $544,443 or 64% year over year. Subscription revenues were $1,389,985 or 43% of total revenues of $3,257,957.

Management accredits this significant increase to our continued investment in our core technologies, excellent service delivery and new investments in sales and marketing.

The company increased investment in R&D. A sizable portion of the payroll expense is now allocated to the R&D team. Management plans to continue to increase investment in R&D to enhance the software based on customer feedback, competitive research and our own innovative concepts for product design.

The company began to increase investment in sales and marketing in fiscal 2017 and intends to continue increasing investment levels in fiscal 2018. Now that there is a proven recurring revenue model for the products and a demonstrated ability to grow the recurring revenue, Management is confident that it can deploy additional sales and marketing resources in an accretive manner.

BLUERUSH will place en emphasis on growth in recurring revenue over profitability in the coming fiscal year. The Company incurred a loss of from operations of $1,627,778. A significant portion of the loss relates to a non-cash derecognition of our investment tax credits recoverable of $530,783. Removing this item brings our loss from operations down to $1,096,995. Subsequent to the second quarter of fiscal 2017, the Company ceased capitalizing products in development as they had become ready for use in the current and prior years which contributed to an increase in the loss compared to previous years. Revenues achieved this year compares to revenues of $3,572,326 and net loss of $182,303 for the year ended July 31, 2016.

To more accurately present the Company's direction, revenues and business models, we are now presenting our revenues under two categories: 1) Subscriptions & Support and 2) Services. Subscriptions & Support revenues represent the target focus of Management. Revenues in this category encompass the SaaS based products including DigitalReach™, Individeo™ and Fintools™. Services revenues are comprised of software delivery as well as our traditional business which includes digital projects for design, UX/CX, development of websites, landing pages, social media, and content creation.

OVERALL PERFORMANCE (Continued)

The Subscription & Support side of the business continues to gain traction and is the primary focus of sales efforts. As indicated above, management does not believe the long-term interest of our shareholders is served by growing these services revenues and we are therefore not concerned by this reduction. Our plan is to run the professional services business profitably and in such a way that it contributes to the SaaS business. On a go-forward basis our gross margin targets for the services business will be 50%. We have reduced the internal headcount associated with the delivery of professional services and are structured to accommodate spikes in activity through well-managed outsourcing of high quality resources. Maintaining a smaller dedicated headcount to deliver services will leave the business less exposed to losses in this part of the business.

On the product side, DigitalReach™ has now reached over 75,000 financial advisors. This includes those utilizing it for the regulatory or marketing side of content storage, distribution and tracking. Users continue to provide positive feedback regarding the platforms ease of use as well as the boost it provides to their overall productivity. This success bodes well for increased use within the same client in other departments as well as adding new customers. On the regulatory side of the product, BlueRush continued to make enhancements to the product. These enhancements will allow for additional charges per user and per document sent for the inclusion of such features.

The Company continued development on new use cases for Individeo™ based on feedback it has received from clients that have piloted the product. These use cases include: Financial Statements, financial calculators and product selectors. As FinTech continues to heat up, BlueRush is effectively aligning product work to fit within the scope that financial clients are investing in. These use cases, along with previous ones, have been well received by clients in the financial services and telecom sectors. We are currently working on pilot projects for new clients and exploring larger opportunities with clients that have already tested Individeo™. Additionally, we are experiencing an uptick in interest and demand for new tools that do a better job of converting customers to products and services on the acquisition side.

In summary, once again despite growth in the Subscription & Support revenues, which represents the future direction and scalability of the Company, we experienced a net loss during the year ended July 31, 2017. In order to accurately align our future revenues with our costs we have taken the necessary steps to reduce overall expenses by eliminating redundant resources and putting other cost controls in place. A sizable portion of the payroll expense is now allocated to the R&D team and Management plans to continue to increase investment in R&D in fiscal 2018.

As previously released, the Company appointed Steve Taylor to our Board of Directors. Steve is a SaaS industry veteran who led the recent financing of $1,300,000. The financing attracted strategic investors including Round 13. Steve Taylor is working with the management team on a daily basis to accelerate the growth of the SaaS business. It is important to note that company has a strong working capital position with the existing working capital, the $1.3 million just raised and the additional $1.3 million available through associated warrants at the time of the raise.

Interested parties as well as investors should recognize that the Company is still in the process of transitioning a significant portion of its business from service revenue to product revenue. Investments are required for such a transition. Management expects this will have a positive influence on profitability and has evidence of this already with the growth of its product side.

The information on our refreshed website www.BlueRush.com reflects the new changes in the Company's direction. More information on the BlueRush Saas products can be viewed for DigitalReach, www.digitalreach.ca and Individeo, www.individeo.com. A new product website for FinTools™ will be available shortly.

RESULTS OF OPERATIONS

Selected annual information for the Company for its most recently completed financial years as at and for the years ended July 31, 2017 and 2016, is as follows:

	As of July 31, 2017	As of July 31, 2016
Total Assets	$ 2,495,877	$ 4,402,492
Total Financial Liabilities	1,648,912	1,888,985
Deferred Revenue	164,248	203,012
Deferred Taxes	125,913	117,018
Shareholders' Equity	556,804	2,193,477

	For the Years Ended		
	July 31, 2017	July 31, 2016	July 31, 2015
Revenue from Operations	$ 3,257,957	$ 3,572,326	$ 3,925,362
Net loss	(1,636,673)	(182,303)	505,301
per share - basic	(0.05)	(0.006)	0.016
per share - diluted	(0.05)	(0.006)	0.016

No dividends were declared by the Company during any of the periods indicated.

For the year ended July 31, 2017, BlueRush recorded revenues of $3,257,957 and aggregate expenses of $4,885,735. The Company reported a net loss of $1,636,673 or $0.05 per share. This compares with revenues of $3,572,326 and net loss of $182,303 or $0.006 per share for the year ended July 31, 2016.

We incurred an overall decrease in revenue of approximately 9% since the prior fiscal year. Our overall traditional Services revenues have decreased by approximately 31.5% or $858,507 mainly due to financial clients curbing expenditures by handling such work with internal resources, and increasing competition. Our Subscription & Support revenues have increased 64% or $544,443 since the prior fiscal year. Our new focus is on Subscription & Support revenues versus our traditional Services revenues. We expect that our Subscription & Support revenues will continue to increase as our products discussed above gain more traction in the market. Sales efforts in our traditional services area are now focused on those clients that will generate a projected minimum amount of business that achieve a specified target margin.

The regulatory version of DigitalReach became available for use upon the regulatory deadline for POS3 of May 30th, 2016. At that point we discontinued capitalizing the costs and began amortizing these costs over their expected useful life to the Company.

RESULTS OF OPERATIONS (Continued)

The Company's annual increase in expenditures from fiscal 2016 was approximately 32%. The main reason for the increase was because the Company capitalized less salaries and consulting fees to intangibles than in the prior year.

Our general and administrative expenses decreased approximately 2%. We have been carefully monitoring the amount of staff and use of outside contractors to correspond with our projects in progress in an effort to reduce and control overall costs.

Our research and development costs increased significantly since the prior year. The reason was because the Company capitalized $967,851 in research and development salaries in the prior year and only $117,930 in the current year. The Company ceased capitalizing products in development as they had become ready for use in the current and prior years. The Company also received SRED refunds which reduced R&D costs by $201,961 in 2017 and $118,708 in 2016.

A claim was recorded for Scientific Research and Development ("SRED") Tax Credits of $227,893 which was recorded as a reduction of intangibles and salaries and benefits expense. The SRED tax credits have been recorded as investment tax credits on our consolidated statement of financial position and represented the refundable portion of tax credits receivable. These claims are subject to audit by Canada Revenue Agency ("CRA") and any adjustments that result could affect investment tax credits recorded in the consolidated financial statements.

The Company has also applied for new Ontario Interactive digital media tax credits for the 2013 to 2016 fiscal years, which amount to $90,206, $110,060, $63,074 and $6,860, respectively. Since the Company has no history of receiving these claims they will not be recognized until they have been approved by CRA.

The Company has available $1,538,096 of federal non-capital losses and $2,309,361 Quebec non-capital losses to offset future taxable income, as well as $812,352 federal and Ontario non-refundable ITCs available to reduce future taxes payable.

RESULTS OF OPERATIONS (Continued)

Summary of Quarterly Results:

The following is a summary of certain of the Company's quarterly results:

	Three months ended (unaudited)			
	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
Total Revenue	$ 684,765	$ 784,819	$ 816,505	$ 971,868
Net loss for the period	(915,769)	(254,930)	(397,130)	(68,844)
Net loss per share - basic	(0.028)	(0.008)	(0.012)	(0.002)
Net loss per share - diluted	(0.028)	(0.008)	(0.012)	(0.002)

	Three months ended (unaudited)			
	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
Total Revenue	$ 857,363	$ 737,320	$ 988,339	$ 989,304
Net (loss) earnings for the period	(37,383)	(268,698)	87,003	36,775
Net (loss) earnings per share - basic	(0.001)	(0.008)	0.003	0.001
Net (loss) earnings per share - diluted	(0.001)	(0.008)	0.003	0.001

Three Months Ended July 31, 2017 and 2016

For the three months ended July 31, 2017, BlueRush incurred revenue of $684,765 and net loss of $ 915,769 or $0.028 per share. This compares with revenue of $857,363 and net loss of $37,383 or $0.001 per share for the three months ended July 31, 2016. This decrease in revenue was mainly due to a decrease in services revenues where financial clients have been increasingly curbing expenditures and also from increasing competition.

CASH FLOWS

Years Ended July 31, 2017 and 2016

During the year ended July 31, 2017, the Company utilized $749,113 in net cash from its operating activities as compared to generating $320,622 during the year ended July 31, 2016. The increase in cash used in operating activities was mainly from the increase in our net loss for the year.

CASH FLOWS (Continued)

During the year ended July 31, 2017, net cash used in financing activities was $151,924 as compared to net cash used in financing activities of $21,225 in fiscal 2016. In June and July 2015, the Company received a term loan from Investissement Quebec ("IQ") in the amount of $1,000,000 to fund working capital needs, with interest only payments required for the first year of the loan. In July 2015, the Company received a term loan from the Business Development Bank of Canada ("BDC") in the amount of $250,000 to fund working capital needs, with interest only payments required for the first year of the loan. In October 2016, the Company received an additional $100,000, less transactions costs of $2,000, with the same terms and conditions. During the year ended July 31, 2017, the Company repaid $249,924 of these loans and in 2016 $21,225.

During the year ended July 31, 2017 net cash used in investing activities was $111,653 as compared to net cash used in investing activities of $351,754 during the year ended July 31, 2016, which was mainly from net expenditures and recoveries incurred for internally generated intangible assets. The Company also purchased $3,323 of computer equipment compared to purchases of $9,117 for the year ended July 31, 2016.

For the year ended July 31, 2017 the Company had an overall net decrease in cash of $1,062,753 as compared to a net decrease in cash of $53,414 for the year ended July 31, 2016. Our overall net decrease in cash overall was mainly related to funding our intangible assets in the current year, whereas proceeds were received from our new term loans in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights		July 31, 2017		July 31, 2016
Cash	$	1,005,383	$	2,068,136
Accounts receivable		632,697		733,540
Investment tax credits		227,896		943,161
Total assets		2,495,877		4,402,492
Total liabilities		1,939,073		2,209,015
Total equity		556,804		2,193,477

As at July 31, 2017, the Company had current assets of $1,930,670 and current liabilities of $1,024,759, resulting in working capital of $905,911 as compared to working capital of $2,117,018 as at July 31, 2016. The Company's cash position continues to be strong and the Company's cash and current assets would be sufficient to meet the Company's current financial obligations.

In June and July 2015, the Company received a term loan from Investissement Quebec ("IQ") in the amount of $1,000,000 to fund working capital needs. The term loan is interest bearing at prime rate plus 3.15% per annum. Interest only payments were required until June 2016 (12 months); thereafter monthly principal payments of $16,665 plus interest are due until May 2021 (59 months), with the final payment of $16,765 due June 2021.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

In July 2015, the Company received a term loan from the Business Development Bank of Canada ("BDC") in the amount of $250,000 to fund working capital needs. The term loan is interest bearing at BDC's Floating Base Rate plus 2.5% per annum. The first monthly principal payment of $4,560 plus interest was due July 2016, thereafter monthly principal payments of $4,160 plus interest are due until June 2021 (59 months). In October 2016, the Company received an additional $100,000, less transactions costs of $2,000, with the same terms and conditions stated above except the first monthly principal payment of $2,060 plus interest is due in September 2017, thereafter monthly principal payments of $1,660 plus interest are due until August 2022 (59 months).

In October 2017, the Company closed a non-brokered private placement and issued:

- 20,000,000 units at a price of $0.05 per unit for gross proceeds of $1,000,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.05 for a period of 24 months from the date of issuance.

- 4,444,444 units at a price of $0.0675 per unit for gross proceeds of $300,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.0675 for a period of 24 months from the date of issuance.

The Company intends to use the proceeds of the above terms loans to fund its marketing and sales force for its new products and to also fund new developments in current and future products.

Material ongoing contractual obligations of BlueRush relate to the payment of operating leases for office premises. BlueRush leases office space in Toronto, Ontario located at 75 Sherbourne Avenue, Suite 112, and in Montreal, Quebec located at 1751 Richardson, Suite 5105. Lease commitments are outlined in BlueRush's audited consolidated financial statements.

The Company's capital expenditures have historically been low and there are no significant capital expenditures planned within the next fiscal year, other than for further development of internally generated intangible assets and general purchases of computer equipment and furniture.

During the year ended July 31, 2017, the Company's management handled investor relation activities.

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.

Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company. For the year ended July 31, 2017, salaries and fees paid to key management personnel amount to $407,641 (2016 - $440,192), of this amount $50,000 (2016 - $50,000) is recorded in professional fees, $15,000 (2016 - $26,191) is recorded in consulting fees, $31,230 (2016 - $136,328) were capitalized as intangibles and $311,411 (2016 - $227,673) is recorded in salaries and benefits.

For the year ended July 31, 2017, fees paid to an employee related to an officer and director of $33,979 (2016 - $Nil) were included in consulting fees.

OFF-BALANCE SHEET ARRANGEMENTS

There are no significant off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Although these estimates and assumptions are based on management's best knowledge of current events, actual results may be different.

Certain estimates depend on subjective or complex judgments about matters that may be uncertain and changes in these estimates could materially impact the financial statements.

The key sources of estimation uncertainty at statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below:

Revenue Recognition – Services

Revenue from services is recognized based on the proportion of total project contract costs incurred for work performed at the statement of financial position date compared to the estimated total project contract costs to complete the project. Management is required to make judgmental estimates on the total project contract costs to complete the project. These judgments will affect the amount of revenue recognized as well as the reported amounts of unbilled revenue and deferred revenue.

Multiple Element - Allocation of Revenue

As the Company enters into transactions that represent multiple element arrangements, estimates are made to determine how consideration is allocated to the separate units of accounting or elements on a relative fair value basis. Changes in the estimates will impact the revenue recognized in the year.

Allowance for Doubtful Accounts

Accounts receivable are reviewed for collectability on a monthly basis. Management is required to estimate whether a receivable balance is collectable based on their relationship with the client and knowledge of the client's financial position. These estimates will affect the reported amounts of accounts receivable and bad debts expense.

Investment Tax Credits Recoverable

Investment tax credits are claimed on the Company's research and development activities and are based on a percentage of employee wages. Management is required to make judgments of the amount of investment tax credits that the Company will be able to claim. In order to make this estimate, management utilizes a specialist consultant to prepare the appropriate claim forms. These judgments will affect the reported amounts of investment tax credits refundable and salaries and wages expense. Management also exercises judgment in determining the timing of ITCs recorded as an asset which have not yet been applied to reduce taxes payable and in determining the portion that the Company expects will be received within one year of the statement of financial position date.

The Company estimates the probability that taxable profits will be available to offset against deductible temporary differences which give rise to deferred tax assets and the utilization of investment tax credits recoverable. The ultimate realization of the deferred tax assets and investment tax credits recoverable is dependent on the generation of future taxable income during the year in which the temporary differences and investment tax credits recoverable are deductible.

CRITICAL ACCOUNTING ESTIMATES (Continued)

Capitalization of Development Costs

Management exercises judgment when establishing whether the criteria under IAS 38, Intangible Assets, for development costs have been met, specifically the technical feasibility of the products in development and the ability to generate probable economic future benefits.

Impairment of intangibles

Intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount or if the intangibles are not yet in use. The recoverable amount is determined with reference to the fair value of the intangibles less costs of disposal or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. Management exercises significant judgment and assumptions when determining the recoverable amount of intangibles.

SHARE CAPITAL

The Company has authorized an unlimited number of common shares and has 32,593,000 (2016 - 32,593,000) common shares issued and outstanding at the date thereof.

The holders of common shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per common share at meetings of the shareholders and, upon liquidation, to share equally in such assets of BlueRush as are distributable to the holders of common shares. All common shares issued are fully paid and non-assessable.

STOCK OPTIONS

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 20% (2015 - 20%) 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 ten years. Options vest according to the contract terms which range over a period of two to three years.

STOCK OPTIONS (Continued)

A summary of the status of the Company's stock options as at July 31, 2017 and changes during the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of year	1,875,000	$ 0.15
Granted	-	-
Exercised	-	-
Expired	(500,000)	0.15
Outstanding - end of year	1,375,000	0.15
Exercisable - end of year	1,375,000	0.15

The weighted average remaining contractual life of stock options as of July 31, 2017 is 4.78 years (2016 - 5.78 years).

The Company had the following stock options outstanding as of July 31, 2017:

Number of Options Outstanding	Exercise Price $	Expiry Date
1,375,000	0.15	May 10, 2022

FINANCIAL INSTRUMENTS

Credit Risk

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.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company is exposed to liquidity risk on accounts payable to its suppliers, which arise in the normal course of operations and are due in less than one year and on its term loans which are repayable in 60 monthly instalments of approximately $16,665 and $4,160 beginning in July 2016 and $1,660 beginning in September 2017. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows and budgets on all contracts, while maintaining adequate working capital on hand to meet its future obligations. As of July 31, 2017, the Company had cash on hand of $1,005,383 and accounts receivable of $632,697 to meet working capital requirements.

Management expects that its capital resources will be sufficient to fund its ongoing liabilities as they come due.

FINANCIAL INSTRUMENTS (Continued)

Market Risk

The Company is exposed to risks from changes in foreign exchange rates and interest rates that affect its financial liabilities, financial assets and future transactions.

Currency Risk

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. Consequently, some assets, liabilities, revenues and purchases are exposed to foreign exchange fluctuations. As at July 31, 2017, cash and accounts receivable of $704,996 and $5,895 (2016 - $700,595 and $66,340), respectively, are shown in US dollars and converted into Canadian dollars at the year end exchange rate of 1.2485 (2016 - 1.3041). For the year ended July 31, 2017, the Company recognized a loss on foreign exchange of $47,205 (2016 - gain of $3,292) as a result of the depreciation of the US dollar. The potential effect of a 5% increase or decrease in US currency held by the Company would result in an increase or decrease in net earnings of approximately $35,000 (2016 - $38,000).

Interest Rate Risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its credit facility and term loans.

Sensitivity Analysis

As at July 31, 2017, the carrying value and fair value amounts of the Company's financial instruments are approximately the same. Unless otherwise indicated, the Company does not believe there would be any material movements as a result of changes in interest rates or foreign exchange rates.

Fair Value Hierarchy

Financial instruments measured at fair value on the statement of financial position are categorized into levels of the fair value hierarchy. The Company only has one financial instrument measured at fair value, cash, which is categorized into Level 1. The fair value of Level 1 financial instruments is based on quoted market prices.

MANAGEMENT OF CAPITAL

The Company considers share capital, contributed surplus, and retained earnings as capital and manages its capital to meet its funding requirements for ongoing operations. There have been no changes in the Company's objectives towards managing its capital in the year.

The Company includes the following in its capital:

		July 31, 2017		July 31, 2016
Share capital	$	774,883	$	774,883
Contributed surplus		336,551		336,551
(Deficit) Retained Earnings		(554,630)		1,082,043
	$	556,804	$	2,193,477

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 value by increasing shareholders' equity; and

(c) To maintain a flexible capital structure which optimises the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in 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;

(b) Utilizing a line of credit provided by its bank; and

(c) Raising capital through equity or debt financings.

Other than the financial covenants imposed on the Company's term loans, 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 year. 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 July 31, 2017.

Accounting Standards Not Yet Effective

The following are significant 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")

IFRS 2 was amended in June 2016, clarifying the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for year ends beginning on or after January 1, 2018. Earlier adoption is permitted.

(b) IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 was issued in November 2009 as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2018, with early adoption permitted.

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

IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

(d) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after January 1, 2018, with early adoption permitted.

(e) IFRS 16, Leases (“IFRS 16”)

IFRS 16 was issued in January 2016, and replaces IAS 17, Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. The most significant effect expected of the new requirements will be an increase in lease assets and financial liabilities for lessees with material off-balance sheet leases. IFRS 16 is required for annual periods beginning on or after January 1, 2019 with early adoption permitted.

(f) IAS 7, Statement of Cash Flows ("IAS 7")

IAS 7 was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

Accounting Standards Not Yet Effective (Continued)

(g) IAS 12 Income Taxes ("IAS 12")

IAS 12 was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

(h) IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

IFRIC 22 was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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

Additional Information

Additional information relating to Bluerush may be found on the Company's website at www.BlueRush.com or under the Company's profile on SEDAR at www.sedar.com.