BLUERUSH INC. (formerly BlueRush Media Group Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: November 27, 2018
For the Year Ended July 31, 2018

This management's discussion and analysis ("**MD&A**") of the consolidated financial condition and results of operations of BlueRush Inc. ("**BlueRush**" or the "**Company**") should be read in conjunction with BlueRush's audited consolidated financial statements and notes thereto for the year ended July 31, 2018 and 2017. 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 for the years ended July 31, 2018 and 2017.

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 and its wholly owned subsidiary, BlueRush Digital Media Corp.

All financial information is reported in Canadian dollars, unless indicated otherwise.

This MD&A was approved for issue by the board of directors of the Company on November 27, 2018.

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: changes in law; the ability to implement business strategies and pursue business opportunities; state of the capital markets; the availability of funds and resources to pursue operations; a novel business model; dependence on key suppliers and local partners; competition; the outcome and cost of any litigation; as well as general economic, market and business conditions, as well as those risk factors discussed or referred to in disclosure documents filed by the Company with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com.

Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this MD&A is made as of the date of this MD&A and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law. The Company's results and forward-looking information and calculations may be affected by fluctuations in exchange rates.

NATURE OF THE BUSINESS

BlueRush, through its wholly owned subsidiary, BlueRush Digital Media Corp., primarily offers a Software as a Service ("**SaaS**") based content engagement platform that enables organizations to achieve greater engagement and conversion metrics with existing customers and new prospects. BlueRush develops and markets a disruptive interactive personalized video platform called IndiVideo. IndiVideo is a personalized video platform that drives return on investment ("ROI") throughout the entire customer interaction, from increased conversions to more engaging statements and customer care. The platform cost-effectively scales, aligning both cost and performance. The platform enables our clients to capture knowledge and data from their customers' video interaction, creating new and compelling data driven customer insights. IndiVideo is not only a robust stand-alone product, it can also be integrated with BlueRush's SaaS-based content engagement platform DigitalReach. This product delivers improved sales conversion metrics for more than 75,000 financial advisors in some of the world's most respected financial institutions. The Company's suite of products is proven to improve our clients' marketing and sales performance, generate compelling return on investment and create greater customer satisfaction and loyalty. BlueRush is publicly listed on the TSX Venture Exchange trading under the symbol "BTV" and is headquartered at 75 Sherbourne Street in Toronto, Ontario. The Company also has a bilingual office in Montreal, Quebec. On April 27, 2018, the Company changed its name from BlueRush Media Group Corp. to BlueRush Inc.

OVERALL PERFORMANCE

BlueRush Highlights for the Year Ended July 31, 2018:

- The Company completed its first full year of transition towards the SaaS model, while continuing to deliver strong Services revenue
- Overall SaaS revenue grew 1% compared to fiscal 2017
- SaaS Gross Profit grew 40%, while Services declined by 8%, compared to fiscal 2017
- The Company signed several new clients including Carte Wealth Management Inc., Meridian Credit Union and AFP Habitat, while strengthening its relationships with TD, CIBC, Manulife, and the Co-Operators
- Partnerships were developed with Microsoft, Kunder (Chile), and One Touch Video Chat. The year concluded with the signing of premier partner, Valeyo, subsequent to the year end

Advantages of SaaS model – SaaS allows for an easier customer purchasing decision due to lower implementation costs and monthly expenditures that are spread over the life of the contract compared to a traditional software agreement whereby fees are paid one-time and up front. As a result, SaaS products are typically viewed by customers as an operating expenditure rather than a capital expenditure. This can drastically improve the sales cycle for BlueRush, while also allowing the Company to build predictable, stackable revenue that creates good visibility.

Growth in the SaaS business – The Company experienced 1% revenue growth and increasing momentum in the recurring revenue component of its business, which has been the key focus of the management's efforts and investment over the past year.

DigitalReach and IndiVideo are now driving higher gross margins - The dramatic improvement in SaaS gross margins from 44% in 2017, or $453,038 to 61%, or $633,284 in 2018, is a direct result of the Company's research and development ("R&D") investment, along with optimizing the Company's structure by moving to the Microsoft Azure platform, which was highlighted in the Company's Q3 Interim MD&A. DigitalReach and IndiVideo are now deployed on a cost-efficient and multi-tenant environment.

Measurable results are now driving follow-on business with customers and partners – IndiVideo, in particular, has demonstrated the ability to drive compelling and measurable results for the Company's customers. These programs are leading to additional opportunities and have become compelling use-cases in the Company's sales process. The video market as a whole is one of the fastest growing segments of online media, while personalized video is being adopted by some of the biggest companies in North America.

***BlueRush is uniquely positioned to exploit the rapidly growing online video segment* -** IndiVideo is a highly scalable personalized video platform that is being used by a growing list of world-class companies. The Company's book of case studies continues to grow and the use cases for this platform continue to expand. The vast majority of the Company's opportunities with IndiVideo are greenfield which suggests that BlueRush is at the front-end of this market opportunity. Here are some industry data points on the future growth outlook for the online video market:

- By 2021, the U.S. video advertising market will grow into a US$22 billion industry (eMarketer, 2018)
- 72% of people prefer to watch a video to learn about a product or service rather than read text (HubSpot, 2018).
- 98% of marketers agree that personalization advances customer relationships and 96% of marketers plan to maintain or increase investment in personalization in the coming year (Evergage 2018)
- 67% of marketers who are leveraging personalization are using rule-based targeting only, while 33% are using either machine-learning/algorithmic targeting only or a combination of both approaches (Evergage 2018)

BlueRush continued to invest in its products to strengthen its competitive position – BlueRush advanced the development of features and major enhancements for its SaaS based products for IndiVideo and DigitalReach to further increase their marketability to major financial institutions worldwide. Both products are gaining traction in the marketplace and are seeing a growing pipeline. Here are some highlights:

- Design and development of the Mortgage Affordability IndiVideo for use by one of Canada's top five banks led to a greater than 40% lift in conversion (i.e. potential customers clicking to be pre-approved for a mortgage), resulting in BlueRush quoting several additional opportunities with this particular bank.
- Implemented an IndiVideo solution for a complex mortgage product, Manulife One, resulting in a 154% increase in click-through rate with a 44% increase in year-over-year sales.
- Set-up and implementation of DigitalReach for Carte Wealth Management, a Canadian financial services company, for its entire team of financial advisors.
- Next generation version of DigitalReach, which will include multiple enhancements to both the administrative and marketing functions as well as a new recipient viewer.
- Our distribution partner, Broadridge Financial Solutions Inc. ("Broadridge"), has contracted for an enhanced version of SmartAdvisor (BlueRush's white label solution) that offers the potential to be delivered to Broadridge's wide user base.

***BlueRush continued to invest in a world-class sales team* -** Under new leadership, significant talent was added to the Company's sales team, the value proposition was further refined and BlueRush was able to sign a number of new customers in the financial services vertical.

This team is critical to BlueRush's success in fully realizing its market opportunity.

***Partners are providing BlueRush with a global footprint* -** In the Q2 2018 Interim MD&A, BlueRush disclosed that it was building a partnership with Microsoft in order to leverage both their partner network, Artificial Intelligence teams and industry knowledge. In the Q3 2018 Interim MD&A, BlueRush disclosed that it was able to achieve co-sell status with Microsoft based on BlueRush's transition to the Azure Cloud platform, which gave BlueRush significant sales and marketing leverage on a global scale. BlueRush believes strongly that Microsoft has the most robust partner program of any cloud provider, as well as the most scalable and secure cloud infrastructure.

BlueRush has partnered with Santiago, Chile based Kunder SpA (Kunder), a provider of technology solutions for financial institutions in Latin America, in order to deliver technology and solutions for Kunder's customers. In fiscal 2018, BlueRush created a unique and first-of-its-kind solution for AFP Habitat S.A. ("AFP Habitat"), a leading South American financial institution, whereby two million pensioners would see their monthly pension statements delivered as IndiVideos. This implementation resulted in more than 90% reported user satisfaction, while 70% of pensioners watch their entire monthly videos.

BlueRush's partnership with One Touch Video Chat and Broadridge continues to develop and BlueRush will continue to seek new partnerships that either extend BlueRush's product capabilities, provide distribution opportunities, or both.

Subsequent to the year-end, BlueRush announced a co-sell partnership with Valeyo, a leading provider of insurance and delivery solutions and a wholly-owned, independently operated member of Fortune 500 company Securian Financial Group. Valeyo has a network of more than 95 Canadian financial institutions. This partnership is anticipated to expand the BlueRush's financial services presence on a national level and bring the Company's SaaS products to more Canadian credit unions.

DigitalReach goes Multi-tenant - The DigitalReach platform has been refined and is now a true multi-tenant SaaS platform. This has dramatically lowered the Company's cost to implement new clients, opening up the tier 2 and tier 3 banks and credit unions while delivering efficiencies in terms of support and upgrades. This was one of the Company's most significant milestones achieved in the third quarter in terms of providing a building block for growth in recurring revenue and overall scalability of the DigitalReach business model.

The information on the Company's refreshed website www.BlueRush.com reflects the new changes in BlueRush's direction.

RESULTS OF OPERATIONS

Selected annual information for the Company's fiscal years ended July 31, 2018 and 2017, is as follows:

	As at July 31, 2018	As at July 31, 2017
Total Assets	$ 2,036,056	$ 2,495,877
Non-current financial liabilities	142,256	788,400
Shareholders' Equity	127,225	556,804

	For the Fiscal Years Ended		
	July 31, 2018	July 31, 2017	July 31, 2016
Revenues			
Subscriptions and support	$ 1,043,581	$ 1,034,296	845,542
Services	1,978,408	2,214,969	2,717,787
Interest	13,421	8,692	8,997
	3,035,410	3,257,957	3,572,326
Cost of Sales			
Subscriptions and support	410,297	581,258	454,904
Services	1,114,732	1,273,682	1,452,864
	1,525,029	1,854,940	1,907,768
Gross profit	1,510,381	1,403,017	1,664,558
Net loss	$ (3,349,931)	$ (1,636,673)	(182,303)
per share - basic	(0.06)	(0.05)	(0.006)
per share - diluted	(0.06)	(0.05)	(0.006)

For the year ended July 31, 2018, BlueRush generated revenue of $3,035,410, cost of sales of $1,525,029, aggregate expenses of $4,892,029 and deferred tax recovery of $31,717, resulting in a net loss of $3,349,931, or $0.06 per share. This compares with revenue of $3,257,957, cost of sales of $1,854,940, aggregate expenses of $3,030,795 and deferred taxes of $8,895 resulting in net loss of $1,636,673, or $0.05 per share, for the year ended July 31, 2017.

BlueRush incurred an overall decrease in revenue of approximately 7%, or $222,547, compared to the prior fiscal year. The Company's overall traditional services (services excluding SaaS) revenue have decreased by approximately 11%, or $236,561, mainly due to the Company's shift in focus towards SaaS revenue. Part of the Company's sales effort throughout the year involved educating our customers to move from an outright purchase model to a recurring revenue model. The Company's Subscription & Support revenue increased 1%, or $9,285, since the prior fiscal year, which was attributable to BlueRush's focus on SaaS based revenue. BlueRush expects that its SaaS revenue will continue to increase as its products discussed above gain more traction in the market, and as booked annual recurring revenue ("ARR") translates into recognizable revenue. Sales efforts in the Company's traditional services area are now focused on those clients that the Company anticipates will generate a projected minimum amount of business that achieve a specified target margin.

The Company's total expenses, excluding cost of sales, increased by approximately 61%, or $1,861,234, from fiscal 2017. The main reason for the increase was due to building a more robust sales and development team, as well as increasing the Company's marketing costs as it transitions to a SaaS based business.

The Company's general and administrative expenses increased approximately 6%, or $62,911. BlueRush has been carefully monitoring the use of outside contractors to correspond with its projects in progress in an effort to reduce and control overall costs, along with a concerted effort to identify general overhead cost-saving opportunities.

Research and development ("R&D") costs increased by approximately 35%, or $248,555, from fiscal 2017. In addition to continuing to build out the IndiVideo and DigitalReach products, a source of the increase is due to the Company having capitalized $117,930 in R&D salaries in fiscal 2017 and $Nil in the current year. The Company ceased capitalizing products in development as they had become ready for use in prior years. BlueRush also received Scientific Research and Development ("SRED") and Ontario Interactive Digital Media Tax Credits ("OIDMTC") refunds which reduced R&D costs by $214,753 in 2018 and $201,961 in 2017.

A receivable was recorded for SRED tax credits of $229,285 for the year ended July 31, 2018, which was recorded as a reduction of R&D expense. The SRED tax credits have been recorded as investment tax credits on the Company's 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. As a result of an audit conducted by Revenue Quebec, a portion of the fiscal 2017 SRED claim was reduced in the current year by $82,376 and was netted with the current year SRED claim. The Company received the remaining fiscal 2017 Quebec SRED claim of $100,903 subsequent to the year end.

The Company has also applied for OIDMTC for the 2013 to 2015 fiscal years, which amount to $43,668, $67,844 and $49,906, respectively. The 2013 and 2015 claims are still under review by CRA and the 2014 claim was approved and received in August 2018. For the year ended July 31, 2018, the Company recorded OIDMTC income of $67,844 (2017 - $Nil). Given the uncertainty of the amounts to be approved by CRA, the 2013 and 2015 claims will not be recognized in the consolidated financial statements until they have been officially approved by CRA.

The Company has available $3,936,661 of federal and Ontario non-capital losses and $4,129,538 Quebec non-capital losses to offset future taxable income, as well as $1,020,990 federal and Ontario non-refundable income tax credits ("ITCs") available to reduce future taxes payable.

Summary of Quarterly Results:

The following is a summary of the Company's past eight quarters which were prepared in accordance with International Accounting Standard ("IAS") 34 and presented in Canadian dollars:

	Three months ended (unaudited)			
	July 31, 2018	**April 30, 2018**	**January 31, 2018**	**October 31, 2017**
Total Revenue	$ 591,454	$ 897,358	$ 839,807	$ 706,791
Net loss for the period	(1,592,626)	(684,004)	(774,552)	(298,749)
Net loss per share - basic	(0.03)	(0.01)	(0.01)	(0.01)
Net loss per share - diluted	(0.03)	(0.01)	(0.01)	(0.01)

	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	(0.03)	(0.01)	(0.01)	(0.00)
Net loss per share - diluted	(0.03)	(0.01)	(0.01)	(0.00)

Three Months Ended July 31, 2018 and 2017

For the three months ended July 31, 2018, BlueRush generated revenue of $591,454 and a net loss of $1,592,626, or $0.03 per share. This compares with revenue of $684,765 and net loss of $915,769, or $0.03 per share, for the three months ended July 31, 2017. This decrease in revenue was primarily due to a decrease in services revenue, where the Company has placed less focus as it shifts to SaaS based contracts.

CASH FLOWS

Years Ended July 31, 2018 and 2017

During the year ended July 31, 2018, the Company utilized $2,062,839 in net cash from its operating activities as compared to $749,113 utilized during the year ended July 31, 2017. The increase in cash used in operating activities was primarily driven by the incremental year-over-year loss of $1,713,258, in addition to Company investments in sales and marketing as well as R&D.

During the year ended July 31, 2018, net cash provided by financing activities was $1,851,677 as compared to net cash used in financing activities of $151,924 in fiscal 2017. In October, 2017, the Company issued common shares and warrants for gross proceeds of $1,300,000, less transaction costs of $73,585, and received cash from warrant holders exercising warrants for gross proceeds of $893,846, and repaid $268,584 of its term loans. During the year ended July 31, 2017, the Company received a new term loan of $100,000, less $2,000 in transaction costs, and repaid $249,924 of its term loans.

During the year ended July 31, 2018, net cash used in investing activities was $25,563, which was related to purchases of computer equipment. For the year ended July 31, 2017, the Company's net cash used in investing activities was $111,653, attributable to expenditures for internally generated intangible assets.

For the year ended July 31, 2018, the Company had an overall net decrease in cash of $217,553 as compared to a net decrease in cash of $1,062,753 for the year ended July 31, 2017. The variance was attributable to the Company's funding activities in fiscal 2018 that generated proceeds of $2,120,261 from the private placement and warrants exercised net of transaction costs.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights	July 31, 2018	July 31, 2017
Working capital deficit	$ (32,601)	$ 905,910
Cash	787,830	1,005,383
Accounts receivable	408,827	632,697
Investment tax credits refundable	398,032	227,896
Total assets	2,036,056	2,495,877
Total liabilities	1,908,831	1,939,073
Total equity	127,225	556,804

Working Capital

As at July 31, 2018, the Company had a working capital deficit of $32,601 as compared to working capital of $905,910 as at July 31, 2017. Although we have a small deficit position, this is only because our term loans with Investissement Quebec ("IQ") have all been classified as a current liability because our financial covenant with them was breached at year end. We obtained a waiver from IQ subsequent to the year end which confirmed the debt would not become repayable upon demand, however IFRS requires the entire portion to be classified as current since the waiver did not exist as at the year end. If we follow the principal scheduled repayments, our working capital would improve to $350,720. Otherwise, the Company's decrease in working capital was mainly due to cash utilized in operations. Due to fund raising activities subsequent to year-end, the Company's cash position continues to be strong and cash and current assets should be sufficient to meet the Company's current financial obligations.

Sources and Uses of Cash

In June and July 2015, the Company received a term loan from IQ in the amount of $1,000,000 to fund working capital requirements. 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. As at July 31, 2018 the remaining principal was $583,325, compared to $783,329 as at July 31, 2017.

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 requirements. 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). As at July 31, 2018 the remaining principal was $226,940, compared to $295,520 as at July 31, 2017.

On October 19, 2017, the Company closed a non-brokered private placement and issued:

- 19,999,992 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.

- 4,444,441 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.

Transaction costs of $73,585 were incurred related to the above private placement where $36,488 was deducted from share capital and $37,097 was deducted from contributed surplus relating to the warrants.

During the year ended July 31, 2018, warrant holders exercised 14,397,630 warrants at $0.05 and 2,577,251 warrants at $0.0675 for total gross proceeds of $893,846. Subsequent to the year end, warrant holders exercised 1,239,534 warrants at $0.05 for total gross proceeds of $61,977.

Subsequent to year end, in September 2018, the Company announced a proposed non-brokered private placement of convertible debentures (the "**Notes**") to raise proceeds of up to $2,000,000. The Notes will accrue interest at a rate of 10% per annum and will mature on October 31, 2023. Accrued interest for year one will be paid on the maturity date with interest on the Notes being payable quarterly starting in year two. In the event the volume-weighted average trading price of the common shares of the Company is greater than $0.25 per share for 20 consecutive trading days anytime following October 31, 2019, the Company shall have the option to invite holders of debentures to convert the then outstanding principal of the debentures into common shares at $0.105 per share. In the event a holder does not elect to convert, the conversion price shall increase to $0.15. The principal of the debenture may be converted at any time at the holder's option into common shares at the conversion price at such time. On the maturity date, the principal of the debentures may be converted in whole or in part at the Company's option into common shares at the conversion price at such time. As of November 28, 2018, the Company had closed the private placement for gross proceeds to BlueRush of $2,000,000. These proceeds will be primarily used to support research and development as well as sales and marketing, while also supporting the general working capital requirements while the Company continues to transition to a full SaaS model.

The Company also expects to receive $398,032 from its 2017 and 2018 SRED claims and 2013 and 2015 OIDMTC claims within the upcoming quarters. In September 2018, the Company received approval for new bridge loans from IQ of up to $337,900 by way of two separate loans ($172,400 and $165,500). The loans will be used to fund working capital requirements and are secured against the expected refundable portion of the Company's fiscal 2018 ($172,400) and 2019 ($165,500) SRED claims. The loans bear interest at prime rate plus 2.25% per annum, where prime rate is the rate used by the majority of six Canadian Chartered banks as chosen by IQ.

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 general purchases of computer equipment and furniture.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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.

Subsequent to the year end, the Company entered into an agreement with Bay Street Communications ("BSC") who will provide investor relation services to the Company. Effective November 15, 2018, the Company will pay monthly payments of $4,000 to BSC and will issue 200,000 stock options as detailed below. The term is open-ended and may be terminated by the Company or BSC as any time after six months written notice.

Subsequent to the year end, the Company entered into an agreement with an arm's length consultant who will provide financial, strategic and other advisory services to the Company for a period of two years. The consultant will be compensated with warrants exercisable at $0.105 to purchase up to 600,000 common shares of the Company for a period of two years.

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. The Company's related party transactions for the year ended July 31, 2018 were all paid to key management personnel and were as follows:

Type of Expense		2018		2017
Salaries and benefits	$	487,226	$	311,411
Professional fees		50,000		50,000
Consulting fees		73,846		15,000
Transaction costs		14,000		-
Stock-based compensation (i)		647,985		-
Capitalized to intangible assets		-		31,320
	$	1,273,057	$	407,641

i) Stock based compensation for officers/directors is comprised of the vested value of stock options granted during the year.

OFF-BALANCE SHEET ARRANGEMENTS

There are no significant off-balance sheet arrangements.

PROPOSED TRANSACTIONS

At present, there are no proposed asset or business acquisitions or dispositions.

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 debt 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.

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-Based Payments and Warrants

Share-Based payments and warrants are calculated utilizing the Black-Scholes option pricing model to determine the value of options and warrants as of their grant date. Management is required to estimate the volatility of the price of its shares, the amount of future dividends that will be paid, the market's risk-free interest rate, the expected life of the options and warrants, and the expected forfeiture rate for options. These estimates will affect the reported amount of share-based payments and warrants in contributed surplus.

Going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes would materially impact the validity of such an assessment.

DESCRIPTION OF SECURITIES

Share Capital

The Company has authorized an unlimited number of common shares and, as of the date hereof, has 75,251,848 common shares issued and outstanding, incentive stock options outstanding of 11,125,000 and exercisable for up to 6,625,000 common shares, warrants exercisable for up to 6,830,018 common shares, and the Notes which are exercisable for up to 19,047,619 common shares, assuming conversion at $0.105.

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.

Subsequent to the year end, the Company granted 50,000 stock options to an officer of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.15 and vest monthly over a period of 24 months. The options expire in five years from the date of grant and are subject to a four month hold.

Subsequent to the year end, the Company granted 200,000 stock options to BSC as discussed above. Each stock option is exercisable into common shares of the Company at an exercise price of $0.20 and vest monthly over a period of 24 months. The options expire in five years from the date of grant and are subject to a four month hold.

Subsequent to the year end, the Company entered into an agreement with an arm's length consultant who will provide financial, strategic and other advisory services to the Company for a period of two years. The consultant will be compensated with warrants exercisable at $0.105 to purchase up to 600,000 common shares of the Company for a period of two years.

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.

As at July 31, 2018, approximately 69% (2017 - 60%) of the Company's accounts receivable are due from four significant customers, each of which individually made up more than 10% of the Company's sales.

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

	July 31, 2018	July 31, 2017
Current	$ 323,191	$ 379,097
Past due less than 90 days	62,286	222,202
Past due greater than 90 days	23,350	31,398
Less: Allowance for doubtful accounts	-	-
	$ 408,827	$ 632,697

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 at July 31, 2018, the Company had cash on hand of $787,830 and accounts receivable of $408,827 to meet working capital requirements.

Management expects that its capital resources will be sufficient to fund its ongoing liabilities as they come due. The Company received financing subsequent to the year end to meet working capital requirements.

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, 2018, cash and accounts receivable of $226,574 and $21,593 (2017 - $704,996 and $5,895), respectively, are shown in US dollars and converted into Canadian dollars at the year-end exchange rate of 1.3017 (2017 - 1.2485). For the year ended July 31, 2018, the Company recognized a gain on foreign exchange of $21,407 (2017 - loss of $47,205) as a result of the appreciation/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 $12,000 (2017 - $35,000).

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.

As at July 31, 2018, 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.

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.

ADOPTION OF AMENDED STANDARDS AND INTERPRETATIONS

The Company adopted the following amended standards on August 1, 2017:

(a) 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.

(b) 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 adoption of these amendments did not have a significant impact on the consolidated financial statements.

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

IFRS 15 specifies how and when an IFRS reporter will recognize 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.

(d) 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.

(e) 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 recognized 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.

(f) IFRIC 23 – Uncertainty over Income Tax Treatments ("IFRIC 23")

IFRIC 23 was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted.

For IFRS 15, the Company is currently reviewing its contracts to determine if there will be any material impact. The Company is in the process of assessing the impact that other 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.