
BLUERUSH MEDIA GROUP CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
Dated: December 22, 2010
For the Quarter Ended October 31, 2010

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, 2010 and 2009. 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, 2010 and 2009. See "Significant Accounting Policies" elsewhere in this MD&A.

All financial data in this MD&A has been prepared in accordance with GAAP. All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

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 carryforwards, 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. (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.

OVERALL PERFORMANCE

The first quarter ended October 31, 2010 continued to prove successful for BlueRush in the execution of its business plan and operating results. Revenues increased by approximately 15% in the Quarter to \$1,050,201, representing the Companies largest quarter of revenue to-date. Net earnings for the first Quarter 2010 were \$119,327 or \$0.04 per share.

RESULTS OF OPERATIONS

Certain financial information for the Company for the three months ended October 31 is provided below:

	October 31, 2010	October 31, 2009
Revenue from Operation	\$ 1,050,201	\$ 909,768
Net income (loss)	119,327	140,776
per share - basic	0.004	0.004
per share - diluted	0.004	0.004
Total Assets	\$1,847,514	\$1,209,846
Total Financial Liabilities	\$410,846	\$184,477
Shareholders' equity	\$1,436,668	\$1,025,370

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

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.

For the three months ended October 31, 2010, BlueRush recorded revenue of \$1,050,201 and aggregate expenses of \$870,751. The Company earned a net income of \$119,327 or \$0.004 per share. This compares with revenues of \$909,768 and a net income of \$140,776 or \$0.004 per share for the three months ended October 31, 2009.

This increase in revenue of approximately 15% is the result of the Companies continued marketing initiatives, combined with the company's strategic sales effort to diversify its customer base.

At the same time, expenditures increased by approximately 23% over the first quarter 2009 as the result of increased production and administrative costs, resulting in a decrease in net profit of approximately 9%.

Summary of Quarterly Results:

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

	Quarter ended (unaudited)			
	October 31, 2010	July 31, 2010	April 30, 2010	January 31, 2010
Total Revenue	\$ 1,050,201	\$ 997,657	\$ 847,862	\$ 895,292
Net income for the period	119,327	115,932	19,238	117,277
Net income per share - basic	0.004	0.003	0.001	0.004
Net income per share - diluted	0.004	0.003	0.001	0.004

	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009
Total Revenue	\$ 909,768	\$ 695,551	\$ 580,644	\$ 846,349
Net income (loss) for the period	140,766	(59,287)	(75,527)	29,583
Net income per share - basic	0.004	(0.002)	(0.002)	0.001
Net income per share - diluted	0.004	(0.002)	(0.002)	0.001

CASH FLOWS

Three Months Ended October 31, 2010 and 2009

During the three months ended October 31, 2010, the Company generated \$193,392 in its operating activities as compared to generation \$63,752 during the three months ended October 31, 2009.

During the three months ended October 31, 2010 and 2009, there were no financing activities.

During the three months ended October 31, 2010 the Company used cash of \$4,854 in its investing activities for the purchase of equipment compared to nil for the three months ended October 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights	October 31, 2010	July 31, 2010
Cash	\$473,290	\$284,752
Accounts receivable trade and other	1,189,504	1,195,419
Income taxes and investment tax credits recoverable	113,485	173,608
Total assets	1,847,514	1,739,615
Total liabilities	410,846	430,708
Shareholders' equity	1,436,668	1,308,907

As at October 31, 2010, the Company had current assets of \$1,787,299, current liabilities of \$408,618, resulting in working capital of \$1,378,681 as compared to July 31, 2010 working capital of \$1,252,036.

LIQUIDITY AND CAPITAL RESOURCES (cont'd)

The Company's cash and current assets would be sufficient to meet the Company's current financial obligations. The Company continues to have no significant long term debt. As at October 31, 2010, the Company has no off balance sheet commitments for cash resources. The Company has continued to maintain positive cash flow from operation during the year. In addition, BlueRush has a line of credit of \$250,000, which to date it has not drawn on.

Material ongoing contractual obligations of BlueRush relate to the payment of operating leases for office premises. BlueRush has entered into an arm's length commercial lease for 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 financial statements.

During the three months ended October 31, 2010, 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.

Related party transactions during the three months ended October 31, were as follows:

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.

OFF-BALANCE SHEET ARRANGEMENTS

There are no significant off-balance sheet arrangements.

MANAGEMENT OF CAPITAL

The Company considers capital stock, contributed surplus and retained earnings as capital and manages its capital to meet its funding requirements for ongoing operations.

The Company includes the following in its capital:

	Oct. 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

MANAGEMENT OF CAPITAL (Cont'd)

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.

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; 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 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, 2010.

FINANCIAL INSTRUMENTS

Fair Value

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate fair values due to the relatively short term of these instruments. Advances from related parties are non-interest bearing and do not have fixed terms of repayment. As such the fair value is not reliably determinable.

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. The Company is exposed to significant credit risk to one customer as described in Note 12 to the audited financial statements.

FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk

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.

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	\$ -	\$ -	\$ -

DESCRIPTION OF SECURITIES

Capital Stock

The authorized share capital of BlueRush Media Group Corp. consists of an unlimited number of common shares, of which 32,318,000 common shares are issued and outstanding at the date hereof.

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.

Consolidated Capitalization

Designation of Security	Amount Authorized or to be Authorized	# of shares outstanding as of October 31, 2010	# of shares outstanding as of July 31, 2010
Common Shares	Unlimited	32,318,000	32,318,000

BlueRush did not issue new shares nor eliminate any common shares during the year.

Stock Option Plan

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

The following summarizes the stock option activities:

	October 31, 2010		July 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	1,690,000	\$ 0.10	2,115,850	\$ 0.10
Granted	250,000	0.10	430,000	0.10
Expired	-	0.10	(855,850)	-
Outstanding, end of year	1,940,000	\$ 0.10	1,690,000	\$ 0.10
Exercisable	981,666	\$ 0.10	898,333	\$ 0.10

The Company had the following stock options outstanding under the Plan at October 31, 2010. Each option granted allows the holder to purchase one common share at the exercise price.

Number of Options	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		

STOCK-BASED COMPENSATION

During the three months ended October 31, 2010, stock-based compensation for all vested options was \$8,434 (2009 - \$3,404), which was credited to contributed surplus.

CHANGES IN ACCOUNTING POLICIES

Effective August 1, 2009, the Company adopted prospectively the following new CICA Handbook accounting standards for interim and annual financial statements:

- (a) The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaced CICA Handbook sections 3062 and 3450, Emerging Issues Committee (“EIC”) 27 and part of Accounting Guideline 11. The objectives of CICA 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition and to clarify the application of the concept of matching revenue and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The portions in the new standard with respect to goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with International Financial Reporting Standards (“IFRS”) in the accounting for intangible assets. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The adoption of this standard did not have an effect on the financial position or results of operations of the Company.
- (b) In January 2009, the CICA's EIC concluded that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The application of incorporating credit risk into the fair value should result in entities re-measuring the financial assets and financial liabilities as at the beginning of the period of adoption. This abstract should be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. Retrospective application with restatement of prior periods is also permitted. The adoption of this standard did not impact the financial position or results of operations of the Company.
- (c) In June 2009, the Canadian Accounting Standards Board (“AcSB”) issued the amendments to CICA Handbook Section 3862, Financial Instruments - Disclosures, which reflect the corresponding amendments made by the International Accounting Standards Board to IFRS 7, Financial Instruments: Disclosures, in March 2009. The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.
 - (i) Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.
 - (ii) Level 2: Valuation models which utilize predominately observable market inputs.
 - (iii) Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments (see note 14 to the audited financial statements). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations. The Company only has Level 1 financial instruments and no amounts have been transferred between Levels during the year.

FUTURE ACCOUNTING CHANGES

Recent accounting pronouncement:

On February 13, 2008, the AcSB confirmed January 1, 2011 as the official changeover date for publicly listed Canadian companies to begin using IFRS in place of GAAP as the basis for preparation of financial statements. Brownstone will adopt IFRS commencing with financial statements for periods starting on August 1, 2011, with comparatives for the same periods in the prior year.

The Company has initiated an IFRS transition project. A diagnostic impact assessment report on the transition to IFRS has been completed and the Company is in the process of preparing a detailed convergence plan which will be completed by the end of the second quarter of 2011.

COMMITMENTS

- (a) The Company has the following lease commitments for premises.

2011	\$	130,801
2012		117,594
2013		68,384
	\$	316,779

- (b) The Company has entered into a consulting contract in which it has granted the Consultant, 750,000 stock options at a strike price of not less than \$0.10 per option and as determined by the value of Company stock at the time such shares granted. Options will be provided as follows: 250,000 at the time of contract signing and was granted in March 15, 2010, and 250,000 in 90 days thereafter, 250,000 in next 90 days thereafter and exercisable over a 5 year term.
- (i) The Consultant will also receive 6% commission based on first three years of the business opportunity it brings to the Company. The commission will be paid when such money is received from the contract and not before.
- (ii) The Company shall pay the Consultant 3% of sales delivered through distribution channel partners established with their assistance. The commission will last for 5 years after signing up the channel partner.
- (iii) If within 2 years post contract signing, with the Consultant, the Company revenues exceed \$10 million, and this increase is a result of the channels or ideas that the Consultant directed to the Company, then the Company shall provide the Consultant a bonus consisting of \$50,000, payable in either cash or stock at the discretion of the Consultant. Both parties have also agreed to a subsequent bonus of \$75,000 payable in either cash or stock at the discretion of the Consultant, when the Company's revenues reaches \$20 million, within five years of the engagement and this increase is attributed to channels directed to the Company by the Consultant.

COMMITMENTS (cont'd)

- (iv) If the Company required capital to be raised to support the execution of the contract with the Consultant, the Company shall pay the Consultant 7% commission and 7% broker warrants on any financing raised with the assistance of the Consultant. This is only based on the assumption that the Consultant is raising the money and not other parties are receiving such compensation.

ECONOMIC DEPENDENCE

Approximately 41% (2010 - 53%) of the Company's sales are made to two customers. The outstanding accounts receivable from these customers as at July 31, 2010 accounted for approximately 26% (2009 - 39%) of the total accounts receivable.

Additional Information

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