BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: December 19, 2018
For the Three Months Ended October 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 unaudited interim consolidated financial statements and notes thereto for the three-month period ended October 31, 2018, as compared with the corresponding period of the previous year, and the Company's MD&A and audited financial statements and notes thereto for the fiscal year ended July 31, 2018. Accounting policies followed in the preparation of the interim consolidated financial statements are disclosed in note 2 of the notes to the interim unaudited consolidated financial statements for the three-month period ended October 31, 2018.

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 ("CAD"), unless indicated otherwise.

This MD&A was approved for issue by the board of directors of the Company on December 19, 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 Software as a Service ("**SaaS**") based content engagement platforms that enable organizations to achieve greater engagement and conversion metrics with existing customers and new prospects. BlueRush develops and markets IndiVideo™, a disruptive interactive 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 BlueRush clients to capture knowledge and data from their customers' video interaction, creating new and compelling data-driven customer insights. IndiVideo can also be integrated with DigitalReach™, BlueRush's SaaS-based content engagement platform, that 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 are proven to improve marketing and sales performance, generate compelling ROI and create greater customer satisfaction and loyalty.

BlueRush is publicly listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 75 Sherbourne Street, Suite 112, 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

Highlights for the Three Months Ended October 31, 2018 ("Q1 2019"):

- SaaS revenue grew 17% compared to the three-month period ended October 31, 2017 ("Q1 2018"), increasing deferred revenue to $303,931;
- SaaS Gross Profit grew 29% compared to Q1 2018;
- BlueRush completed a $2,000,000 non-brokered private placement of convertible debentures;
- Services revenue grew 26% compared to Q1 2018, increasing deferred revenue to $842,100;
- Customer successes include: a major global bank experiencing a greater than 40% increase in potential customers clicking to be pre-approved for a mortgage through the use of the IndiVideo platform, and a large pension fund generating a 67% increase in customer actions defined as voluntary account openings and/or increased contributions amongst customers who viewed the personalized video; and
- Dave Badun CPA, CA, commenced his role as the Company's new Chief Financial Officer ("CFO").

Growth in the SaaS business – The Company generated 17% revenue growth and increasing momentum in its SaaS segment, the recurring revenue component of its business, which has been the key focus of management's efforts and investment. As a result of SaaS sales efforts, the Company had deferred revenue of $303,931 as at October 31, 2018 versus $Nil as at October 31, 2017. This deferred revenue will be recognized over the coming quarters.

***DigitalReach and IndiVideo are now driving higher gross margins* -** The improvement in SaaS gross margins from 61%, or $142,495, in Q1 2018, to 67%, or $183,133, in Q1 2019 is a direct result of the Company's research and development ("R&D") investments in enhancing user features, along with an important shift to the Microsoft Azure platform during fiscal 2018. DigitalReach and IndiVideo are now deployed on a cost-efficient and multi-tenant environment.

BlueRush completed a $2,000,000 financing - The Company completed a $2,000,000 non-brokered private placement of convertible debentures. This private placement included new and existing investors, highlighting continued support for the growth trajectory of the Company. Further transactional details are provided below.

Growth in the Services business - The professional services business unit of BlueRush also saw strong growth in revenue. In Q1 2019, the Company had deferred services revenue of $842,100, compared to $151,470 in Q1 2018. This growth in services is both an extension of the well-executed past projects, along with the compelling results obtained from our SaaS business unit. This deferred revenue will be recognized over the coming quarters.

BlueRush achieved IndiVideo customer success - The Company advanced the development of enhanced features for IndiVideo to further increase its marketability to major financial institutions worldwide. IndiVideo is gaining traction in the marketplace and has a growing pipeline. Here are some highlights:

- Design, development and implementation of the Mortgage Affordability IndiVideo for use by one of Canada's top five banks supported a lift in conversion of greater than 40% (i.e. potential customers clicking to be pre-approved for a mortgage), resulting in BlueRush quoting and winning several additional opportunities with this particular bank.
- Creation and distribution of monthly IndiVideos to more than two million customers for a major pension fund in South America, supported a 67% increase in customer actions, defined as voluntary account openings and/or increased contributions amongst customers who viewed the personalized video.
- Established a co-sell partnership with Valeyo, a leading provider of insurance and delivery solutions and a wholly-owned, independently operated member of the Fortune 500 company, Securian Financial.
- Delivered a webinar illustrating the power of personalized video for digital engagement alongside partner Microsoft Corporation.

BlueRush integrates DigitalReach with IndiVideo and Microsoft Power BI - Integration with the analytics platform will help BlueRush deliver a new source of customer insights and further enhance the stickiness of our SaaS contracts.

- The Company integrated its two SaaS platforms, enabling DigitalReach to host and serve IndiVideo content and track associated consumption data as a complement to its library of traditional video and text content.
- BlueRush added analysis through integration with the Microsoft Power BI platform. Power BI is a business analytics service that provides a user-friendly output for DigitalReach data. This integration enables critical data analysis functionality to enhance the Company's proposition as a customer understanding tool.

Measurable results are now driving follow-on business with customers and partners - IndiVideo, in particular, has demonstrated the ability to drive compelling and measurable positive 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 IndiVideo platform has been significantly refined and enhanced. Average production time per project has decreased by 1.5 days in Q1 2019, a significant reduction that creates greater project efficiency and profitability for the Company. This marks a critical advancement in the SaaS platform's market value as a quick-to-implement product.

In addition, the platform is now integrated with Google Text-To-Speech, bringing cutting-edge voice technology to the platform's suite of offerings. This integration gives the Company an exciting advantage over competitors and furthers the Company's market stance as a leading technology provider.

These upgrades are supported by a platform migration to OpenJDK 11 – an open-source implementation of the Java Platform, Standard Edition, that increases platform security and ease of maintenance.

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 blue-chip 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 continue to be greenfield which suggests that BlueRush is at the front-end of this market opportunity. Industry data points on the future growth outlook for the online video market include:

- 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)

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, measured as Annual Recurring Revenue ("ARR") or Monthly Recurring Revenue ("MRR").

RESULTS OF OPERATIONS

Selected financial information of the Company as at October 31, 2018 and July 31, 2018 and for the three months ended October 31, 2018 and 2017 is as follows:

	As at Oct. 31, 2018	As at July 31, 2017
Total Assets	$ 4,309,298	$ 2,036,056
Non-current financial liabilities (excluding taxes)	1,624,091	142,256
Shareholders' (Deficiency) Equity	(237,104)	127,225

	For the Three Months Ended	
	Oct. 31, 2018	**Oct. 31, 2017**
Revenues		
Subscriptions and support	$ 273,277	$ 234,118
Services	592,942	470,266
Interest	5,116	2,407
	871,335	706,791
Cost of Sales		
Subscriptions and support	90,144	91,623
Services	350,350	194,514
	440,494	286,137
Gross profit	430,841	420,654
Net loss	$ (860,106)	$ (298,749)
per share - diluted	(0.012)	(0.008)

For the three months ended October 31, 2018, BlueRush generated revenue of $871,335. Cost of sales were $440,494 and aggregate expenses were $1,290,947, resulting in a net loss of $860,106, or $0.012 per share. This compares with revenue of $706,791, cost of sales of $286,137, and aggregate expenses of $719,403 for the three months ended October 31, 2017, resulting in net loss of $298,749, or $0.008 per share.

BlueRush generated an overall increase in revenue of approximately 23%, or $164,544, compared to Q1 2018. Continuing with its transition toward a SaaS based recurring revenue business model, the Company's sales efforts were focused on driving its customers towards SaaS contracts, a key to the future growth of BlueRush. The Company's subscription & support revenue increased 17%, or $39,159, compared to Q1 2018. BlueRush expects that its SaaS revenue will continue to grow as its products gain more traction in the market, and as ARR translates into recognizable revenue. Sales efforts in the Company's traditional services business unit are now focused on those clients that BlueRush anticipates will generate a sufficient amount of business volume to meet the Company's internal target margins.

The Company's total expenses, excluding cost of sales, increased by approximately 79%, or $571,544, compared to Q1 2018. The increase was primarily attributable to a strengthened sales and development team, and costs associated with the Company's transition to a SaaS-based business model.

The Company's general and administrative expenses increased approximately 55%, or $143,653, compared to Q1 2018. This increase is primarily driven by the expansion of the team at BlueRush, including the addition of a new CFO.

R&D costs declined by approximately 3%, or $8,688, compared to Q1 2018. Although BlueRush continues to build out the IndiVideo and DigitalReach products for both our direct sales channels and partner sales opportunities, R&D costs declined as development resources fulfilled active customer projects. BlueRush also recorded claims for Scientific Research and Development ("SRED") and Ontario Interactive Digital Media Tax Credits ("OIDMTC") which totaled $398,032 at the end of fiscal 2018. The Company received $67,845 in Q1 2019, $100,903 in Q2 2019 and expects to receive the remaining $229,284 in following quarters. These claims are subject to audit by the Canada Revenue Agency ("CRA") and Revenue Quebec, therefore any adjustments that result could affect investment tax credits recorded in the consolidated financial statements.

As part of an effort to increase the Company's cash position, BlueRush entered into an agreement with Investissement Quebec ("IQ") 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 and 2019 SRED claims of $172,400 and $165,500, respectively. The loans bear interest at prime rate plus 2.25% per annum. Subsequent to the end of Q1 2019, the Company received funds from IQ totaling $118,500 relating to the fiscal 2018 SRED claim and $40,230 relating to the Q1 2019 SRED claim.

The Company 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 the CRA and the 2014 claim was approved and received in August 2018. Given the uncertainty of the amounts to be approved by the CRA, the 2013 and 2015 claims will not be recognized in the consolidated financial statements until they have been officially approved.

As of July 31, 2018, the Company has available $3,836,732 of federal and Ontario non-capital losses and $3,982,182 of 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)			
	October 31, 2018	**July 31, 2018**	**April 30, 2018**	**January 31, 2018**
Total Revenue	$ 871,335	$ 591,454	$ 897,358	$ 839,807
Net loss for the period	(860,106)	(1,592,626)	(684,004)	(774,552)
Net loss per share - basic	(0.01)	(0.03)	(0.01)	(0.01)
Net loss per share - diluted	(0.01)	(0.03)	(0.01)	(0.01)

	Three months ended (unaudited)			
	October 31, 2017	**July 31, 2017**	**April 30, 2017**	**January 31, 2017**
Total Revenue	$ 706,791	$ 684,765	$ 784,819	$ 816,505
Net loss for the period	(298,749)	(915,769)	(254,930)	(397,130)
Net loss per share - basic	(0.01)	(0.03)	(0.01)	(0.01)
Net loss per share - diluted	(0.01)	(0.03)	(0.01)	(0.01)

Three Months Ended October 31, 2018 and 2017

For the three months ended October 31, 2018, BlueRush generated revenue of $871,335 and a net loss of $860,106, or $0.01 per share. This compares with revenue of $706,791 and net loss of $298,749, or $0.01 per share, for the three months ended October 31, 2017. This increase in revenue reflects growth in both our SaaS and services businesses.

CASH FLOWS

For the Three Months Ended October 31, 2018 and 2017

During the three months ended October 31, 2018, the Company utilized $194,160 in net cash from its operating activities compared to $47,303 during the three months ended October 31, 2017. The increase in cash used in operating activities was primarily driven by the incremental quarter-over-quarter loss.

During the three months ended October 31, 2018, net cash provided by financing activities was $1,940,842, compared to net cash provided by financing activities of $1,223,437 in Q1 2018. In October 2017, the Company issued common shares and warrants for gross proceeds of $1,300,000, less transaction costs of $73,585. During Q1 2019, the Company closed a non-brokered private placement of convertible debentures (the "Notes") to raise proceeds of up to $2,000,000, less transaction costs of $21,598. The Notes 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. These proceeds will be primarily used to support R&D sales and marketing, while also supporting general working capital requirements while the Company continues to transition to a full SaaS model.

During the three months ended October 31, 2018, net cash used in investing activities was $40,476, which was related to purchases of Guaranteed Investment Certificates ("GICs") totalling $33,790 and purchases of computer equipment totalling $6,686. The GICs bear interest at an annual interest rate of 2% and mature on October 31, 2019. The GICs were obtained as letters of credit for financing received subsequent to the quarter end. There were no cash outflows for investing activities for the three months ended October 31, 2017.

The Company had an overall net increase in cash of $1,710,882 in Q1 2019, as compared to a net increase in cash of $1,190,363 in Q1 2018. The variance was attributable to the Company's funding activities Q1 2019 that generated proceeds of $2,000,000 from the private placement and warrants exercised prior to transaction costs.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights		October 31, 2018		July 31, 2017
Working capital (deficit)	$	1,241,951	$	(32,601)
Cash		2,498,712		787,830
Accounts receivable		1,050,209		408,827
Investment tax credits refundable		330,187		398,032
Total assets		4,309,298		2,036,056
Total liabilities		4,546,402		1,908,831
Total (deficiency) equity		(237,104)		127,225

Working Capital

As at October 31, 2018, the Company had working capital of $1,241,951, compared to a working capital deficit of $32,601 as at July 31, 2018. The improved working capital position is a direct result of the funding activities performed by the Company. For both periods, our term loans with IQ have all been classified as a current liability because our financial covenants with them were 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 due to the waiver not existing at the year end, nor at the end of Q1 2019. If we follow the principal scheduled repayments, our working capital would improve to $1,625,272. Given BlueRush's fund-raising activities, the Company's cash position continues to be strong and cash and current assets should be sufficient to meet 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 October 31, 2018 the remaining principal was $533,324, compared to $733,328 as at October 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 October 31, 2018 the remaining principal was $209,480, compared to $279,320 as at October 31, 2017.

As noted above, the Company completed a $2,000,000 non-brokered private placement of convertible debentures less $21,598 in transaction costs.

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.

For the year ended July 31, 2018, transaction costs of $73,585 were incurred related to the above private placement in which $36,488 was deducted from share capital and $37,097 was deducted from contributed surplus relating to the warrants. For the three months ended October 31, 2017, transaction costs of $10,362 were incurred related to the above private placement in which $6,022 was deducted from share capital and $4,340 was deducted from contributed surplus relating to the warrants.

During the three months ended October 31, 2018, warrant holders exercised 665,571 warrants at $0.05 for total gross proceeds of $33,279. Subsequent to the period end, warrant holders exercised 573,963 warrants at $0.05 for total gross proceeds of $28,698.

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 Rue Richardson, Suite 3116. Lease commitments are outlined in BlueRush's audited consolidated financial statements.

Subsequent to the period 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 at any time after six months written notice.

Subsequent to the period 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 280,000 stock options as detailed below. The Company will also issue 320,000 warrants (amended from 600,000 warrants as disclosed in the consolidated financial statements for the year ended July 31, 2018) valued at $35,000 to settle consulting services performed to date as detailed below.

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 three months ended October 31, 2018 were all paid to key management personnel and were as follows:

Type of Expense		Three Months Ended October 31, 2018		Three Months Ended October 31, 2017
Salaries and benefits	$	190,750	$	108,904
Professional fees		12,500		12,500
Consulting fees		-		27,692
Share-based payments (i)		16,354		-
	$	219,604	$	149,096

i) Share-based payments for officers/directors is comprised of the vested value of stock options expensed during the three months ended October 31, 2018.

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

The Company's contracts with customers often include promises to transfer multiple services. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates. These judgments and estimates include identifying performance obligations in the contract, determining whether the performance obligations are distinct, determining the stand-alone selling price ("SSP") for each distinct performance obligation, determining the timing of revenue recognition for distinct performance obligations and estimating the amount of variable consideration to include in the transaction price.

In assessing whether the Company's promises to transfer services to the customer are separately identifiable, the objective is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those services individually or, instead, to transfer a combined item or items to which the promised services are inputs. To the extent that the promised services are highly interrelated, those services are considered not distinct and accounted for as a single, combined performance obligation. Judgment is required to determine whether the services transferred to a customer are considered distinct and accounted for separately, or not distinct and accounted for together with the related subscription for licensing, customer analytics and support recognized over time.

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.

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.

Convertible Debentures

Convertible debentures are compound financial instruments whose components are accounted for separately as financial liabilities or equity instruments. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires management judgment. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

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 10,975,000 and exercisable for up to 6,475,000 common shares, warrants exercisable for up to 6,230,018 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 quarter 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 period 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 two years from the date of grant and are subject to a four-month hold.

Subsequent to the period 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 280,000 stock options. Each stock option is exercisable into common shares of the Company at an exercise price of $0.105 and vest quarterly over a period of 12 months. The options expire in 24 months from the date of grant. The Company will also issue 320,000 warrants (amended from 600,000 warrants as disclosed in the consolidated financial statements for the year ended July 31, 2018) valued at $35,000 to settle consulting services performed to date. The issuance of these warrants are subject to approval by the TSX Venture Exchange. Each warrant entitles the holder thereof to acquire a common share at a price of $0.105 for a period of 24 months from the date of issuance.

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.

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

	October 31, 2018	July 31, 2018
Current	$ 576,725	$ 323,191
Past due less than 90 days	468,366	62,286
Past due greater than 90 days	5,118	23,350
Less: Allowance for doubtful accounts	-	-
	$ 1,050,209	$ 408,827

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 October 31, 2018, the Company had cash on hand of $2,498,712 and accounts receivable of $1,050,209 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 October 31, 2018, cash and accounts receivable of $54,279 and $409,550 (July 31, 2018 - $226,574 and $21,593), respectively, are shown in U.S. dollars and converted into Canadian dollars at the quarter-end exchange rate of 1.3 (July 31, 2018 - 1.3). For the three months ended October 31, 2018, the Company recognized a gain on foreign exchange of $5,288 (three months ended October 31, 2017 - $15,235) as a result of the appreciation of the U.S. dollar. The potential effect of a 5% increase or decrease in U.S. currency held by the Company would result in an increase or decrease in net earnings of approximately $108,000.

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.

Fair Value

As at October 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's only financial instrument measured at fair value is cash, which is categorized as Level 1.

ADOPTION OF NEW AND AMENDED STANDARDS

(a) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 "Financial Instruments – Recognition and Measurement" for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. In addition, IFRS 9 added a single, forward-looking "expected loss" impairment model for financial assets, including trade receivables, which means it is no longer necessary for a triggering event to occur before an impairment loss is recognized. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss).

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 on August 1, 2018 and it had a nominal impact on the Company's disclosures.

(a) IFRS 15, Revenue From Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. Under IFRS 15, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments.

The Company adopted IFRS 15 in the first quarter of the fiscal year beginning August 1, 2018 using the modified retrospective method. Under this transition method, the Company elected to apply IFRS 15 retrospectively only to contracts that were not completed contracts at August 1, 2018, the date of initial application. The initial application of IFRS 15 did not have any material cumulative effect on the Company's opening consolidated statement of financial position at August 1, 2018.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

There have been no new significant accounting policy updates since the Company's audited financial statements were filed.

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.