BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: June 27, 2019
For the Three and Nine-Month Periods Ended April 30, 2019

This management's discussion and analysis ("**MD&A**") of the consolidated financial position 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 ("Q3 2019") and nine-month period ("YTD 2019") ended April 30, 2019, as compared with the three-month period ("Q3 2018") and nine-month period ("YTD 2018") ending April 30, 2018, 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 3 of the notes to the interim unaudited consolidated financial statements for the three and nine-month periods ended April 30, 2019.

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 June 27, 2019.

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, sales momentum from IndiVideo continuing in future quarters, and deferred revenue being recognized over the coming quarters.

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: the timing of substantial or fully completed IndiVideo projects that have been contracted as at April 30, 2019; 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; 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 is 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 Q3 2019 and YTD 2019:

- Overall SaaS revenue grew 26% and 22% in Q3 2019 and YTD 2019, respectively, compared to Q3 2018 and YTD 2018. Deferred SaaS revenue increased from $109,804 in Q3 2018 to $726,753 in Q3 2019;
- IndiVideo SaaS revenues increased by $77,338 and $136,287 in Q3 2019 and YTD 2019, respectively, compared to Q3 2018 and YTD 2018;
- DigitalReach SaaS revenues increased by $9,880 and $49,787, respectively, compared to Q3 2018 and YTD 2018;
- Services revenue grew 5% in YTD 2019 compared to YTD 2018, and declined 1% in Q3 2019 compared to Q3 2018, an expected result as BlueRush prioritizes SaaS and expects fluctuations in Services;
- SaaS gross margins were 71% and 64% in Q3 2019 and YTD 2019, respectively, compared to 66% and 67% in Q3 2018 and YTD 2018, respectively;
- Michael Beckerman and Paul G. Smith were elected to the Company's Board of Directors; and
- Subsequent to the period end, the Company achieved committed Monthly Recurring Revenue ("MRR") IndiVideo revenues of more than $100,000.

Growth in the SaaS business – During the first nine months of fiscal 2019, the Company generated 22% growth in its SaaS revenue, an increase of $169,102, demonstrating continued positive momentum in its SaaS segment, which has been the key focus of management's efforts and investment. For Q3 2019, the Company generated $356,274 of revenue from its SaaS operations, compared to $283,038 in Q3 2018, a 26% increase. As a result of SaaS sales efforts, the Company had deferred SaaS revenue of $726,753 as at April 30, 2019, which will be recognized over the coming quarters.

Growth in IndiVideo – The Company's flagship product, IndiVideo, continues to generate strong top-line growth with increasing sales to major international financial institutions. IndiVideo generated $136,287 in revenue growth in YTD 2019 compared to YTD 2018. For Q3 2019, IndiVideo generated $83,638 in revenue, compared to $6,300 in Q3 2018. IndiVideo had greater than $50,000 of recognized revenue in the month of April 2019. This surpasses the Company's previous April 2019 target of $45,000. The Company announced after period end that IndiVideo now has committed MRR greater than $100,000. The Company expects this momentum to continue in future quarters due to continued growth and realization of committed MRR.

Growth in DigitalReach – The Company's original SaaS product, DigitalReach, also continues to generate top-line growth through direct and partner sales, primarily to North American financial institutions. In YTD 2019, DigitalReach revenue increased by $49,787, or 9%, compared to YTD 2018. In Q3 2019, DigitalReach revenue increased by $9,880, or 5%, compared to Q3 2018.

Services business – Revenue for the professional services business unit of BlueRush increased by $76,763, or 5%, in YTD 2019, compared to YTD 2018. For Q3 2019, professional services revenue declined by $3,725 compared to Q3 2018, reflecting the Company's increased focus on growing its SaaS-based revenue. As at April 30, 2019, the Company had committed future services revenue of $607,347 that will be recognized over the coming quarters.

DigitalReach and IndiVideo are now driving higher gross margins – The improvement in SaaS gross margins from 66%, or $187,864, in Q3 2018, to 71%, or $252,601, in Q3 2019 reflects the Company's research and development ("R&D") investments in enhancing user features, along with an important shift to the Microsoft Azure platform, and increased customer deployments. DigitalReach and IndiVideo are now deployed on a cost-efficient and multi-tenant environment.

IndiVideo wins numerous industry awards – In April 2019 the IndiVideo platform's interactive personalized pension statement experience was awarded "Best Financial Services Online Video" as part of the 2019 Internet Advertising Competition ("IAC"), which has honoured excellence in online advertising since 2003. IndiVideo was voted "Best of Show" at the fintech conference, FinovateSpring, in San Francisco. The platform has also been selected as a semi-finalist for Bank Director's 2019 Best of FinXTech Awards. As personalized video rapidly enters the mainstream, awards like these validate the platform's leading position in the market.

BlueRush launches successful Interactive Exercise Coach with Green Shield Canada, earning engagement and motivating member action – In early 2019, BlueRush launched an interactive personalized video experience with Green Shield Canada to engage members doing little or no exercise. The campaign results indicate high levels of engagement and a lift in motivation which support IndiVideo's core value proposition:

- 65% of people who completed the full personalized video filled out a feedback form;
- 36% of visitors who filled out the survey also left a comment;
- 91% of people indicated they would like more ongoing personalized coaching; and
- 88% indicated they would likely exercise more after watching the Interactive Exercise Coach.

BlueRush delivers meaningful analytics to IndiVideo customers – IndiVideo uses Microsoft's Power BI tool to deliver new insights about customer behavior. Through Power BI, IndiVideo can offer deep analytics, which segment by individual data points such as age and income, while also creating a full engagement funnel to help customers understand viewership and interactions with IndiVideo.

BlueRush mobilizes Power BI Task Force to accelerate the development of IndiVideo analytics – As the current dashboard delivers meaningful value to IndiVideo customers, the Company has mobilized a task force to drive further development and improve the performance of the platform's analytics.

BlueRush launches WalkMe onboarding solution for DigitalReach – WalkMe improves DigitalReach's usability by teaching users how to navigate the platform. In addition to this critical customer service enhancement, WalkMe enables BlueRush to gather insights about platform use, helping to determine critical development areas to steer further platform enhancements.

BlueRush accelerates development of self-serve software – The Company developed the following enhanced user features for IndiVideo and DigitalReach to further the development of an integrated, turnkey SaaS platform:

- Improvements to IndiVideo's authoring plug-in and platform have significantly reduced personalized video production times. This represents a critical step in enabling clients to create their own interactive personalized videos.
- Full integration of RoadMap management into the Jira/Confluence suite.
- Onboarding of early adopter partners into the SaaS ecosystem. Training has started and best practice documents have been shared to fast-track their integration into the Make Your Own Video ("MYOV") offer.
- Completed code merge of Marketing and Regulatory aspects of the DigitalReach platform. This improvement decreases overall maintenance costs and positions BlueRush to cross-sell to the large client base that has already adopted the platform.

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 forefront of this market opportunity. Industry data points on the future growth outlook for the online video market include:

- eMarketer forecasts that by 2021, the U.S. video advertising market will grow into a US$22 billion industry (eMarketer, 2018).
- According to HubSpot, 72% of people prefer to watch a video to learn about a product or service rather than read text (HubSpot, 2018).
- Evergage research indicates that:
  - 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).
- According to International Data Corporation ("IDC"), "*The video format has surpassed all other major marketing formats, especially among the young, and consumers often choose it when seeking advice or help online. For banks, this is a good opportunity to increase customer proximity and proactively send personalized video offers based on individual behavioral patterns. Financial advice like loan consolidation could be individually explained at scale while maintaining a human touch. For new customers, personalized video is a good format to ease the on-boarding process for complex products like a mortgage. It can work equally well as an educational or promotional tool in the corporate bank when adding new trade finance, corporate treasury or other clients.*" (IDC 2019)

These market trends present an opportunity for BlueRush's IndiVideo product that could result in unprecedented growth. The results of the direct sales use cases will allow IndiVideo to enter new market opportunities and sales channels.

RESULTS OF OPERATIONS

Selected financial information of the Company as at April 30, 2019 and July 31, 2018, and for the three and nine-month periods ended April 30, 2019 and 2018 are as follows:

	As at Apr. 30, 2019	As at July 31, 2018
Total Assets	$ 2,358,149	$ 2,036,056
Non-current financial liabilities (excluding taxes)	2,004,914	142,256
Shareholders' (Deficiency) Equity	(2,148,641)	127,225

For Q3 2019 and YTD 2019, BlueRush generated revenue of $968,972 and $2,705,425, respectively. Cost of sales for Q3 2019 and YTD 2019 were $393,583 and $1,329,962, respectively, and aggregate expenses were $1,371,813 and $4,400,262, respectively, resulting in a net loss of $791,477 and $3,013,137, or $0.01 and $0.04 per share, in Q3 2019 and YTD 2019, respectively. This compares with revenue of $897,358 and $2,452,290 in Q3 2018 and YTD 2018, respectively, cost of sales of $453,274 and $1,147,093, and aggregate expenses of $1,442,045 and $3,576,037, resulting in a net loss of $997,961 and $2,270,840, or $0.02 and $0.05 per share, in Q3 2018 and YTD 2018, respectively.

	Three Months Ended		Nine Months Ended	
	Apr. 30, 2019	**Apr. 30, 2018**	**Apr. 30, 2019**	**Apr. 30, 2018**
Revenue				
Subscriptions and support	$ 356,274	$ 283,038	$ 942,577	$ 773,475
Services	605,954	609,679	1,744,612	1,667,849
Interest	6,744	4,641	18,236	10,966
	968,972	897,358	2,705,425	2,452,290
Cost of Sales				
Subscriptions and support	103,673	95,174	338,222	253,405
Services	289,910	358,100	991,740	893,688
	393,583	453,274	1,329,962	1,147,093
Gross profit	575,389	444,084	1,375,463	1,305,197
Net loss	$ 791,477	$ 997,961	$ 3,013,137	$ 2,270,840
per share - diluted	0.01	0.02	0.04	0.05

For Q3 2019 and YTD 2019, BlueRush increased overall revenue by 8%, or $71,614, and 10%, or $253,135, respectively, compared to Q3 2018 and YTD 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 and support revenue for Q3 2019 increased 26%, or $73,236, compared to Q3 2018, and by 22%, or $169,102, in YTD 2019 compared to YTD 2018. BlueRush expects that its SaaS revenue will continue to grow as its products gain more traction in the market, and as deferred SaaS revenue 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, decreased by 5%, or $70,232, in Q3 2019 and increased by 23%, or $824,225, in YTD 2019, compared to Q3 2018 and YTD 2018, respectively. The YTD 2019 increase reflects the Company's strengthened sales and development teams, and costs associated with BlueRush's transition to a SaaS-based business model.

The Company's general and administrative expenses for Q3 2019 and YTD 2019 increased by approximately 23%, or $70,264, and 38%, or $351,608, respectively, compared to Q3 2018 and YTD 2018. The increase was primarily driven by the expansion of the team at BlueRush, including the addition of a new Chief Financial Officer, as well as legal fees associated with the completion of a $2,000,000 offering of convertible debentures on October 31, 2018.

R&D costs in Q3 2019 and YTD 2019 declined by 33%, or $133,689, and 21%, or $233,861, respectively, compared to Q3 2018 and YTD 2018. Although the Company continues to build out the IndiVideo and DigitalReach products for both its direct sales channels and partner sales opportunities, R&D costs declined as development resources fulfilled active customer projects. BlueRush has recorded claims for Scientific Research and Development ("SRED") of $152,166 and Ontario Interactive Digital Media Tax Credits ("OIDMTC"), which totaled $67,844. The Company received $67,844 in relation to OIDMTC in Q1 2019, and $100,903 in relation to fiscal 2017 Quebec SRED claims in Q2 2019. The Company expects to receive the fiscal 2018 SRED claim 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. The Company has also applied and been approved for the Industrial Research Assistance Program ("IRAP"), which is a reimbursement based on a certain percentage of eligible expenditures up to a maximum of $200,000. During Q3 2019, the Company received and recognized $172,713 from IRAP, which offset the R&D expenditures.

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 for up to a total of $337,900, by way of two separate loans. 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. In YTD 2019, the Company received funds from IQ totaling $118,520 relating to the fiscal 2018 SRED claim and $131,460 relating to the six months ended January 31, 2019 expected SRED claims. Subsequent to the end of Q3 2019, the Company received an additional $34,130 from IQ relating to the Q3 2019 expected SRED claims.

The Company has undertaken a concerted effort to obtain government funding. As a result, the Company applied for OIDMTC for the 2014 to 2015 fiscal years, which amount to $67,844 and $43,219, respectively. The 2014 and 2015 claims were approved by the CRA in August 2018 and March 2019 respectively. In addition, the Company has also applied and been approved for CanExport and Programme Exportation ("PEX") in Quebec. CanExport and PEX are both reimbursements based on a certain percentage of eligible expenditures up to a maximum of $42,293 and $29,322 respectively. The Company recognizes government grants as they are received, due to the uncertainty of the expected amounts. Subsequent to period end, the Company received $26,268 in relation to CanExport.

As of July 31, 2018, the Company has $3,836,732 of available 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 of 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)			
	April 30, 2019	**January 31, 2019**	**October 31, 2018**	**July 31, 2018**
Total Revenue	$ 968,972	$ 865,117	$ 871,335	$ 591,454
Net loss for the period	(791,477)	(1,361,561)	(860,106)	(1,592,626)
Net loss per share – basic and diluted	(0.01)	(0.02)	(0.01)	(0.03)

Three Months Ended April 30, 2019 and 2018

	Three months ended (unaudited)			
	April 30, 2018	January 31, 2018	October 31, 2017	July 31, 2017
Total Revenue	$ 897,358	$ 848,140	$ 706,791	$ 684,765
Net loss for the period	(997,961)	(974,133)	(298,749)	(915,769)
Net loss per share – basic and diluted	(0.02)	(0.02)	(0.01)	(0.03)

For Q3 2019, BlueRush generated revenue of $968,972 and had a net loss of $791,477, or $0.01 per share, compared to revenue of $897,358 and a net loss of $997,961, or $0.02 per share, for Q3 2018. The increase in revenue reflects growth in the SaaS business unit.

CASH FLOWS

For the Nine Months Ended April 30, 2019 and 2018

During YTD 2019, the Company utilized $1,608,011 in net cash from its operating activities, compared to $1,218,940 during YTD 2018. The increase in cash used in operating activities was primarily driven by an increased investment in sales and marketing.

During the nine months ended April 30, 2019, net cash provided by financing activities was $2,085,081, compared to $1,029,139 in YTD 2018. In October 2017, the Company issued common shares and warrants for gross proceeds of $1,300,000, less transaction costs incurred up to April 30, 2018 of $73,585. During Q1 2019, the Company closed a non-brokered private placement of convertible debentures (the "Notes") to raise proceeds of $2,000,000, less transaction costs of $33,986. 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.

For YTD 2019, net cash used in investing activities was $59,894, which was related to purchases of Guaranteed Investment Certificates ("GICs") totalling $33,790, purchases of computer equipment totalling $13,554, and furniture totalling $12,550. 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 in YTD 2019. There were cash outflows for investing activities of $23,661 for the nine months ended April 30, 2018 relating to computer purchases.

The Company had an overall net increase in cash of $417,176 as at April 30, 2019 from the end of fiscal 2018. The variance was primarily attributable to the Company's financing activities in Q1 2019 that generated gross proceeds of $2,000,000 from the Notes.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights		April 30, 2019		July 31, 2018
Working capital (deficit)	$	(252,701)	$	(32,601)
Cash		1,217,657		787,830
Accounts receivable		647,876		408,827
Investment tax credits refundable		80,914		398,032
Total assets		2,358,149		2,036,056
Total liabilities		4,506,790		1,908,831
Total (deficiency) equity		(2,148,641)		127,225

Working Capital

As at April 30, 2019, the Company had a working capital deficit of $252,701, compared to a working capital deficit of $32,601 as at July 31, 2018. The increased deficit is primarily related to obtaining the SRED loans from IQ and an increase in deferred revenue. As at April 30, 2019 the company had total assets of $2,358,149 (July 31, 2018: $2,036,056) but current liabilities of $2,285,045 (July 31, 2018: $1,672,379). Of the $2,285,045 current liabilities as at April 30, 2019, $1,334,100 relates to deferred revenue representing payment in advance by customers. This amount will not crystallize as a cash outflow, giving an adjusted current liability of $950,945. As at July 31, 2018 the Company's term loan with IQ was classified as a current liability due to the financial covenants with IQ having been breached at fiscal 2018 year end. The Company obtained a one-time waiver from IQ subsequent to 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 fiscal 2018 year end. As at April 30, 2019, the Company had reclassified the long-term portion of the loan. 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 April 30, 2019 the remaining principal was $433,322, compared to $583,325 as at July 31, 2018.

In July 2015, the Company received a term loan from the Business Development Bank of Canada ("BDC") in the amount of $250,000 to fund working capital needs. The term loan is interest-bearing at BDC's Floating Base Rate plus 2.5% per annum. The first monthly principal payment of $4,560 plus interest was paid in July 2016, thereafter monthly principal payments of $4,160 plus interest were paid until January 2019. In February 2019, the Company renegotiated the payment terms of the remaining balance of $120,640. Monthly principal payments of $1,000 plus interest are due from February 2019 to July 2020, thereafter monthly principal payments of $9,300 plus interest are due until May 2021, with the final payment of $9,640 due in June 2021. 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 was paid in September 2017, thereafter monthly principal payments of $1,660 plus interest were paid until January 2019. In February 2019, the Company renegotiated the payment terms of the remaining balance of $71,380. Monthly principal payments of $500 plus interest are due from February 2019 to January 2020, thereafter monthly principal payments of $2,100 plus interest are due until July 2022, with the final payment of $2,380 due in August 2022. As at April 30, 2019 the remaining principal was $187,520, compared to $226,940 as at July 31, 2018.
On October 19, 2017, the Company completed 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 nine months ended April 30, 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.

In Q1 2019 the Company completed a $2,000,000 non-brokered private placement of convertible debentures less $33,986 in transaction costs.

During the nine months ended April 30, 2019, warrant holders exercised 1,239,534 (665,571 in Q1 2019 and 573,963 in Q2 2019) warrants at $0.05 for total gross proceeds of $61,977.

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. R&D expenditures will be primarily focused on IndiVideo and are expected to be consistent with prior periods.

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 unaudited consolidated financial statements.

In Q2 2019 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.

In Q2 2019 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 also issued 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.

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 nine months ended April 30, 2019 and 2018 were all paid to key management personnel and were as follows:

Type of Expense	Three Months Ended April 30, 2019	Three Months Ended April 30, 2018	Nine Months Ended April 30, 2019	Nine Months Ended April 30, 2018
Salaries and benefits	$ 245,750	$ 149,782	$ 799,550	$ 379,705
Professional fees	-	12,500	-	37,500
Transaction fees	-	6,000	-	14,000
Share-based payments (i)	43,938	309,686	134,001	647,807
	$ 289,688	$ 477,968	$ 933,551	$ 1,079,012

i) Share-based payments for officers/directors is comprised of the vested value of stock options expensed during the three and nine months ended April 30, 2019 and 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 the 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.

Expected Credit Losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs. The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Investment Tax Credits Recoverable

Investment tax credits are claimed on the Company's R&D 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 12,830,000 and exercisable for up to 8,933,739 common shares, warrants exercisable for up to 6,600,018 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.

During Q2 2019, 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. In addition, the Company granted 200,000 stock options to its investor relations firm. 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.

In Q2 2019 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.

During Q3 2019, the Company granted 250,000 options to two directors, for a total of 500,000 options. Each stock option is exercisable into common shares of the Company at an exercise price of $0.08. Of the 500,000 options, 166,666 vest on February 1, 2020. Following this, 13,888 options vest monthly between March 1, 2020 and March 1, 2021, followed by 13,890 options vesting monthly between April 1, 2021 and February 1, 2022. The options expire in five years from the date of grant.

Subsequent to the period end, the Company issued 50,000 warrants as compensation for consulting services to be provided to the Company. The issuance of these warrants are subject to approval by the TSX Venture Exchange and entitles the holder to acquire a common share at a price of $0.085 for a period of 24 months from the date of issuance.

On June 12, 2019, the Company also granted 1,300,000 stock options to employees and officers of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.085, expire five years from the date of grant and vest as follows:

- 25,000 options vest on June 12, 2019;
- Approximately 2,083 options vest monthly from July 12, 2019 until June 12, 2020;
- 408,331 options vest on June 12, 2020;
- Approximately 36,107 options vest monthly from July 12, 2020 until June 12, 2021;
- Approximately 34,024 options vest monthly from July 12, 2021 until June 12, 2022.

FINANCIAL INSTRUMENTS

Credit Risk

BlueRush is exposed to credit risk on its trade accounts receivable. Credit risk is minimized by ensuring the credit worthiness of the entities with which it carries on business. The Company's clients predominantly consist of financial institutions and large public companies, many of whom are repeat clients and have long-term relationships with the Company. Management regularly reviews the credit terms and collectability of accounts.

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

		April 30, 2019		July 31, 2018
Current	$	475,395	$	323,191
Past due less than 90 days		130,030		62,286
Past due greater than 90 days		42,451		23,350
Less: Allowance for doubtful accounts		-		-
	$	647,876	$	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 various monthly installments as discussed above in the *Sources and Uses of Cash* section. 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 April 30, 2019, the Company had cash on hand of $1,217,657 and accounts receivable of $647,876 to meet working capital requirements.

The Company's ability to continue as a going concern is ultimately dependent upon the ability to achieve sustainable positive cash flow from operations. To the extent that the Company does not generate sufficient cash flow from operations, financing for working capital requirements would transpire through equity and/or debt financings, the collection of revenues resulting from future operational activities and/or new strategic partnership agreements. There can be no assurance that the Company will be able to obtain any such capital on terms or in amounts sufficient to meet the corporate needs or at all. The availability of equity or debt financing will be affected by, among other things, the results of the Company's transition to the SaaS model, sales efforts, the progress of IndiVideo's R&D, the state of the capital markets generally, strategic partnership agreements, and other relevant commercial considerations. In addition, if the Company raises additional funds by issuing equity securities, then existing security holders will likely experience dilution, and the incurring of indebtedness would result in increased debt service obligations and could require the Company to agree to operating and financial covenants that would restrict its operations. Any failure on its part to raise additional funds on terms favourable to the Company or at all, may require the Company to significantly change or curtail its current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities.

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 April 30, 2019, cash, accounts receivable and accounts payable of $419,212, $195,672 and $Nil (July 31, 2018 - $226,574, $21,593 and $Nil), respectively, shown in U.S. dollars and converted into Canadian dollars at the quarter-end exchange rate of 1.34 (July 31, 2018 - 1.30). For the nine months ended April 30, 2019, the Company recognized a gain on foreign exchange of $11,759 (nine months ended April 30, 2018 – loss of $9,429) as a result of the depreciation 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 $41,145.

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 April 30, 2019, 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 Programs, 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.