

BLUERUSH INC.

(formerly BlueRush Media Group Corp.)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 and 2017
(Presented in Canadian Dollars)
(Unaudited)**

BLUERUSH INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 and 2017

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(Unaudited)

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BLUERUSH INC.

NOTICE TO READER

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements ("the financial statements") of BlueRush Inc. (formerly BlueRush Media Group Corp., the "Company") as at and for the three and nine months ended April 30, 2018 and 2017 have been prepared by the Company's management in accordance with International Financial Reporting Standards applicable to the financial statements (see note 2 to the financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' Involvement

RSM Canada (formerly Collins Barrow Toronto LLP), the external auditors of the Company, have not audited or performed review procedures applicable to auditor review of these financial statements as at and for the three and nine months ended April 30, 2018 and 2017 nor have they conducted any procedures with respect to the supplementary financial schedules herein.

BLUERUSH INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL
POSITION AS OF
(Presented in Canadian Dollars)**

	Note	April 30, 2018 (Unaudited)	July 31, 2017 (Audited)
ASSETS			
Current Assets			
Cash		\$ 796,001	\$ 1,005,383
Accounts receivable		444,239	632,697
Prepays and other assets		44,073	28,025
Investment tax credits refundable		183,279	227,896
Unbilled revenue	3	30,759	30,685
Work in process	3	-	5,984
Total Current Assets		1,498,351	1,930,670
Long Term Assets			
Equipment	4	46,061	29,929
Intangibles	5	423,861	535,278
Total Long Term Assets		469,922	565,207
Total Assets		\$ 1,968,273	\$ 2,495,877
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	6	\$ 565,024	\$ 591,928
Deferred revenue	3	191,627	164,248
Term loans - current portion	7	67,461	268,584
Total Current Liabilities		824,112	1,024,760
Long Term Liabilities			
Term loans	7	793,566	788,400
Deferred taxes		125,913	125,913
Total Long Term Liabilities		919,479	914,313
Commitments	8		
Equity			
Share capital	9	1,437,807	774,883
Contributed surplus	9	1,098,807	336,551
Deficit		(2,311,932)	(554,630)
Total Equity		224,682	556,804
Total Liabilities and Equity		\$ 1,968,273	\$ 2,495,877
Approved on Behalf of the Board			
(Signed) - "Larry Lubin", Director		(Signed) - "John Eckert", Director	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUERUSH INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**
FOR THE THREE MONTHS ENDED APRIL 30, 2018 and 2017
(Presented in Canadian Dollars)
(Unaudited)

	Note	2018	2017
REVENUE			
Subscriptions and support		\$ 283,038	\$ 258,434
Services		609,679	524,913
Interest		4,641	1,472
		897,358	784,819
COST OF GOODS SOLD			
Subscriptions and support	10	51,872	132,204
Services	10	393,164	275,674
		445,036	407,878
GROSS PROFIT		452,322	376,941
EXPENSES			
Research and development	10	419,147	239,474
General and administrative	10	300,659	188,530
Sales and marketing	10	294,057	123,025
Stock based compensation		63,759	-
Interest and bank charges		18,247	23,394
Amortization of intangible assets		37,139	42,665
Amortization of equipment		3,318	2,307
Total Expenses		1,136,326	619,395
LOSS BEFORE TAXES		(684,004)	(242,454)
Current income taxes		-	-
Deferred income taxes (recovery)		-	12,476
Total Income Taxes		-	12,476
NET LOSS AND COMPREHENSIVE LOSS		\$ (684,004)	\$ (254,930)
LOSS PER WEIGHTED NUMBER OF SHARES			
OUTSTANDING - BASIC		\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES			
OUTSTANDING - BASIC		55,178,536	32,593,000
LOSS PER WEIGHTED NUMBER OF SHARES			
OUTSTANDING - DILUTED		\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES			
OUTSTANDING - DILUTED		55,178,536	32,593,000

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUERUSH INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**
FOR THE NINE MONTHS ENDED APRIL 30, 2018 and 2017
(Presented in Canadian Dollars)
(Unaudited)

	Note	2018	2017
REVENUE			
Subscriptions and support		\$ 810,143	\$ 758,459
Services		1,622,848	1,809,534
Interest		10,966	5,199
		2,443,957	2,573,192
COST OF SALES			
Subscriptions and support	10	210,106	437,138
Services	10	928,808	884,237
		1,138,914	1,321,375
GROSS PROFIT		1,305,043	1,251,817
EXPENSES			
Research and development	10	1,108,153	751,289
General and administrative	10	925,441	659,960
Sales and marketing	10	656,406	418,603
Stock based compensation		194,918	-
Interest and bank charges		58,480	66,447
Amortization of intangible assets		111,417	88,935
Amortization of equipment		7,530	7,369
Total Expenses		3,062,345	1,992,603
LOSS BEFORE TAXES		(1,757,302)	(740,786)
Deferred income taxes		-	(19,882)
Total Income Taxes		-	(19,882)
NET LOSS AND COMPREHENSIVE LOSS		\$ (1,757,302)	\$ (720,904)
LOSS PER WEIGHTED NUMBER OF SHARES			
OUTSTANDING - BASIC			
		\$ (0.04)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES			
OUTSTANDING - BASIC			
		49,761,993	32,593,000
LOSS PER WEIGHTED NUMBER OF SHARES			
OUTSTANDING - DILUTED			
		\$ (0.04)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES			
OUTSTANDING - DILUTED			
		49,761,993	32,593,000

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUERUSH INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED APRIL 30, 2018 and 2017

(Presented in Canadian Dollars)

(Unaudited)

	Note	Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance - August 1, 2016		32,593,000	\$ 774,883	\$ 336,551	\$ 1,082,043	\$ 2,193,477
Net loss		-	-	-	(720,904)	(720,904)
Balance - April 30, 2017		32,593,000	\$ 774,883	\$ 336,551	\$ 361,139	\$ 1,472,573
Balance - August 1, 2017		32,593,000	774,883	336,551	(554,630)	556,804
Net loss		-	-	-	(1,757,302)	(1,757,302)
Issuance of common shares, net of transaction costs	9	24,444,433	1,226,416	-	-	1,226,416
Warrants issued	9	-	(569,021)	569,021	-	-
Warrants exercised	9	72,320	5,529	(1,683)	-	3,846
Stock-based compensation	9	-	-	194,918	-	194,918
Balance - April 30, 2018		57,109,753	\$ 1,437,807	\$ 1,098,807	\$ (2,311,932)	\$ 224,682

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUERUSH INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 30, 2018 and 2017
(Presented in Canadian Dollars)
(Unaudited)**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,757,302)	\$ (720,904)
Items not requiring an outlay of cash:		
Amortization of equipment	7,530	7,369
Amortization of intangibles	111,417	88,935
Stock based compensation	194,918	-
Unrealized gain on foreign exchange	(8,901)	(47,697)
Term loan transaction cost accretion	5,166	4,968
Deferred income taxes	-	(19,882)
Changes in non-cash working capital:		
Accounts receivable	184,946	209,581
Prepays and other assets	(16,048)	(192,149)
Work in process	5,984	-
Unbilled revenue	(74)	(3,088)
Investment tax credits refundable	44,617	412,378
Accounts payable and accrued liabilities	(26,905)	(211,401)
Deferred revenue	27,379	(74,668)
NET CASH USED IN OPERATING ACTIVITIES	(1,227,273)	(546,558)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares, net of transaction costs	1,230,262	-
Proceeds from term loan, net of transaction costs	-	98,000
Repayment of term loans	(201,123)	(187,445)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,029,139	(89,445)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures to develop internally generated intangible assets	-	(152,413)
Purchase of equipment	(23,661)	(3,323)
NET CASH USED IN INVESTING ACTIVITIES	(23,661)	(155,736)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	12,413	47,720
NET DECREASE IN CASH	(209,382)	(744,019)
CASH, BEGINNING OF PERIOD	1,005,383	2,068,136
CASH, END OF PERIOD	\$ 796,001	\$ 1,324,117
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 53,314	\$ 61,481
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

I. NATURE OF BUSINESS

BlueRush Inc. ("BlueRush" or the "Company"), through its wholly owned subsidiary, BlueRush Digital Media Corp., offers a SaaS-based marketing and sales enablement platform that enables organizations to achieve greater engagement with their customers. The Company was incorporated on April 6, 2004 in the Province of Ontario. The Company is listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 75 Sherbourne Street in Toronto, Canada. On April 27, 2018, the Company changed its name from BlueRush Media Group Corp. to BlueRush Inc.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements ("financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

These financial statements should be read in conjunction with the Company's 2018 annual financial statements.

These financial statements were authorized by the Board of Directors on June 29, 2018.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at fair value.

Functional and Presentation Currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of BlueRush and its wholly-owned subsidiary, BlueRush Digital Media Corp. All intercompany accounts and transactions have been eliminated on consolidation.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

3. CONTRACT COSTS AND REVENUES

	Nine months ended April 30, 2018	Nine months ended April 30, 2017
Costs incurred on contracts in progress	\$ 80,857	\$ 316,502
Profits recognized on contracts in progress	168,708	124,666
Progress billings	(410,433)	(546,911)
	(160,868)	(105,743)
Presented as:		
Work in process	-	-
Unbilled revenue	30,759	22,601
Deferred revenue	\$ (191,627)	\$ (128,344)

4. EQUIPMENT

The components of equipment are as follows as of April 30, 2018:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2017	\$ 69,681	\$ 112,493	\$ 182,174
Additions	6,575	17,087	23,662
Disposals	-	-	-
Closing balance - April 30, 2018	\$ 76,256	\$ 129,580	\$ 205,836

Accumulated Amortization	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2017	\$ 59,878	\$ 92,367	\$ 152,245
Amortization	1,727	5,803	7,530
Closing balance - April 30, 2018	\$ 61,605	\$ 98,170	\$ 159,775

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

4. EQUIPMENT (Continued)

Carrying Value	Furniture and Fixtures	Computer Equipment	Total
Balance - August 1, 2017	\$ 9,803	\$ 20,126	\$ 29,929
Balance - April 30, 2018	\$ 14,651	\$ 31,410	\$ 46,061

5. INTANGIBLES

The components of internally generated intangible assets are as follows as of April 30, 2018:

Cost	
Opening balance - August 1, 2017	\$ 713,857
Additions	-
Recoveries of expenditures	-
Disposals	-
Closing balance - April 30, 2018	\$ 713,857

Accumulated Amortization	
Opening balance - August 1, 2017	\$ 178,579
Amortization	111,417
Closing balance - April 30, 2018	\$ 289,996

Carrying Value	
Balance - August 1, 2017	\$ 535,278
Balance - April 30, 2018	\$ 423,861

All internally developed intangible assets were available for use as of April 30, 2018.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	April 30, 2018	July 31, 2017
Trade accounts payable	\$ 106,856	\$ 64,291
Accrued liabilities	36,656	132,008
Accrued vacation pay and other employee benefits	187,092	132,645
Government remittances payable	5,716	52,984
Customer deposits	118,900	210,000
Prepaid subscription and hosting fees	109,804	-
	\$ 565,024	\$ 591,928

7. TERM LOANS

	April 30, 2018	July 31, 2017
Investissement Quebec (i)	\$ 633,326	\$ 783,329
Business Development Bank of Canada (ii)	244,400	295,520
Transaction costs	(16,699)	(21,865)
	861,027	1,056,984
Current portion	(67,461)	(268,584)
	\$ 793,566	\$ 788,400

- (i) In June and July 2015 the Company received a term loan from Investissement Quebec ("IQ") in the amount of \$1,000,000 to fund working capital needs. The term loan is interest-bearing at prime rate plus 3.15% per annum. Interest only payments were required until June 2016 (12 months), thereafter monthly principal payments of \$16,665 plus interest are due until May 2021 (59 months), with the final payment of \$16,765 due June 2021. The loan is secured by a universal mortgage on all present and future assets, including a first ranking on tax credits. Two current directors / officers of the Company have personally guaranteed a total of \$50,000 of the loan.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

7. TERM LOANS (Continued)

- (ii) 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 are due until June 2021 (59 months). Two current directors / officers of the Company have personally guaranteed 64% of the outstanding balance of the loan, and the Company has guaranteed the full amount of the outstanding commitment of the loan. In October 2016, the Company received an additional \$100,000, less transactions costs of \$2,000, with the same terms and conditions 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 are due until August 2022 (59 months).

Principal scheduled repayments under the term loans are due as follows:

2018 (Three months)	\$	67,461
2019		269,844
2020		269,844
2021		248,997
2022		21,580
Thereafter		-
	\$	877,726

8. COMMITMENTS

The Company has the following lease commitments for premises:

Less than one year	\$	32,312
Two to five years		125,564
More than five years		-
	\$	157,876

9. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and has 57,109,753 common shares issued and outstanding as at April 30, 2018 (32,593,000 as at July 31, 2017).

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

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.

Share issuance costs of \$73,584 were incurred related to the above private placement and was deducted from share capital and \$569,021 was reallocated to warrants.

On April 3, 2018, warrant holders exercised 59,171 warrants at a price of \$0.05 and 13,149 warrants at a price of \$0.0675 for total proceeds of \$3,846.

Stock Option Plan

A summary of the status of the Company's stock options as at April 30, 2018 and changes during the nine months then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	1,375,000	\$ 0.15
Granted (i)	8,250,000	0.12
Exercised	-	-
Forfeited/cancelled/expired	-	-
Outstanding - end of period	9,625,000	\$ 0.13
Exercisable - end of period	6,625,000	\$ 0.13

The weighted average remaining contractual life of stock options as of April 30, 2018 is 4.6 years (July 31, 2017 - 4.78 years).

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

Stock Option Plan (Continued)

The Company had the following stock options outstanding as of April 30, 2018:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price \$	Expiry Date
1,375,000	1,375,000	0.15	May 10, 2022
3,500,000	3,500,000	0.10	December 11, 2022
1,500,000	-	0.17	January 29, 2023
1,500,000	-	0.13	March 1, 2023
1,750,000	1,750,000	0.12	March 7, 2023
9,625,000	6,625,000		

- (i) On December 11, 2017, the Company granted 3,500,000 stock options to certain officers and directors. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.10 and vest immediately. The options expire in five years from the date of grant and are subject to a four month hold.

On January 29, 2018, the Company granted 1,500,000 stock options to an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.17. 500,000 options vest on January 29, 2019 and thereafter 62,500 options vest monthly until May 2020. The options expire in five years from the date of grant.

On March 1, 2018, the Company granted 1,500,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.125. 500,000 options vest on March 1, 2019 and thereafter 62,500 options vest monthly until July 2020. The options expire in five years from the date of grant.

On March 6, 2018, the Company granted 1,750,000 stock options to a director of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.12 and vest immediately. The options expire in five years from the date of grant and are subject to a four month hold.

The estimated fair value of the stock options granted was estimated as \$0.04 by using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; expected volatility of 118%; risk free interest rate of 1.55%; and expected life of five years.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

Stock Option Plan (Continued)

Stock-based compensation for all vested options for the three and nine months ended April 30, 2018 was \$63,759 and \$194,918, respectively (three and nine months ended April 30, 2017 - \$Nil), which was credited to contributed surplus and expensed to stock based compensation.

Share Purchase Warrants

On October 19, 2017 the Company 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. The estimated fair value of these warrants, as of the grant date, were determined to be \$448,950 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility of 118%; risk free interest rate of 1.55%; and expected life of one year.

On October 19, 2017 the Company issued 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. The estimated fair value of these warrants, as of the grant date, were determined to be \$120,071 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility of 118%; risk free interest rate of 1.55%; and expected life of two years.

On April 3, 2018, warrant holders exercised 59,171 warrants at a price of \$0.05 and 13,149 warrants at a price of \$0.0675 for total proceeds of \$3,846.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

Share Purchase Warrants (Continued)

A summary of the status of the Company's warrants as at April 30, 2018 and changes during the nine months then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	-	\$ -
Granted	24,444,433	0.0532
Exercised	(72,320)	0.0532
Expired	-	-
Outstanding - end of period	24,372,113	\$ 0.0532

The Company had the following warrants outstanding as at April 30, 2018:

Number of Warrants Outstanding	Exercise Price \$	Expiry Date	Remaining Life (Years)
19,940,821	0.05	October 19, 2019	1.47
4,431,292	0.0675	October 19, 2019	1.47
24,372,113			

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

10. EXPENSES BY NATURE

Cost of Sales - Subscriptions and Support

The components of cost of sales - subscription and support are as follows:

	Three months ended April 30, 2018	Nine months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2017
Hosting expense	\$ 43,851	\$ 134,223	\$ 42,191	\$ 134,999
Subcontracting	6,755	51,298	46,038	166,986
Salaries and benefits	1,266	24,585	43,975	135,153
	\$ 51,872	\$ 210,106	\$ 132,204	\$ 437,138

Cost of Sales - Services

The components of cost of sales - services are as follows:

	Three months ended April 30, 2018	Nine months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2017
Salaries and benefits	\$ 264,376	\$ 709,279	\$ 205,122	\$ 630,403
Subcontracting	101,191	160,702	28,745	104,261
Other production costs	18,786	46,266	31,772	111,246
Camera and teleprompter	5,033	8,723	10,035	37,497
Talent	3,778	3,838	-	830
	\$ 393,164	\$ 928,808	\$ 275,674	\$ 884,237

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

10. EXPENSES BY NATURE (Continued)

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	Three months ended April 30, 2018	Nine months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2017
Salaries and benefits	\$ 111,015	\$ 356,464	\$ 108,826	\$ 326,469
Rent and occupancy costs	59,102	153,871	51,240	154,500
Professional fees	51,953	124,267	33,594	93,641
Computer and software	24,102	53,033	6,522	24,886
Office and general	23,234	42,665	12,414	32,701
Consulting fees	21,000	106,844	6,000	23,580
Telecommunications	18,377	40,226	9,517	30,612
Insurance	6,338	17,061	5,199	14,128
Training and recruitment	3,393	34,271	2,032	2,648
Stock exchange expense	1,699	6,864	7,852	9,558
Foreign exchange	(19,554)	(10,125)	(54,666)	(52,763)
	\$ 300,659	\$ 925,441	\$ 188,530	\$ 659,960

Research and Development Expenses

The components of research and development expenses are as follows:

	Three months ended April 30, 2018	Nine months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2017
Salaries and benefits	\$ 358,944	\$ 948,411	\$ 192,185	\$ 587,089
Subcontracting	60,203	159,742	47,289	164,200
	\$ 419,147	\$ 1,108,153	\$ 239,474	\$ 751,289

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

10. EXPENSES BY NATURE (Continued)

Sales and Marketing Expenses

The components of sales and marketing expenses are as follows:

	Three months ended April 30, 2018	Nine months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2017
Advertising and promotion	\$ 132,592	\$ 247,167	\$ 26,325	\$ 79,324
Salaries and benefits	71,727	185,954	21,169	63,506
Consulting fees	47,803	124,174	49,401	182,654
Travel	35,976	80,950	22,704	75,676
Meals and entertainment	5,959	18,161	3,426	17,443
	\$ 294,057	\$ 656,406	\$ 123,025	\$ 418,603

11. 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, 2018 were all paid to key management personnel and were as follows:

Type of Expense	2018	2017
Salaries and benefits	\$ 379,705	\$ 258,037
Professional fees	37,500	37,500
Consulting fees	-	15,000
Transaction costs	14,000	-
Stock-based compensation (i)	194,918	-
	\$ 626,123	\$ 310,537

- i) Stock based compensation for officers/directors is comprised of the vested value of 3,500,000 stock options granted on December 11, 2017 with an exercise price of \$0.10 per share and 1,750,000 stock options granted on March 7, 2018 with an exercise price of \$0.12.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

12. 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 and for the nine months ended April 30, 2018 has recorded a bad debts expense of \$Nil (nine months ended April 30, 2017 - \$Nil).

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

	April 30, 2018	July 31, 2017
Current	\$ 335,177	\$ 379,097
Past due less than 90 days	99,562	222,202
Past due greater than 90 days	9,500	31,398
Less: Allowance for doubtful accounts	-	-
	\$ 444,239	\$ 632,697

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company is exposed to liquidity risk on accounts payable to its suppliers, which arise in the normal course of operations and are due in less than one year, on its bank overdraft which is due on demand and its term loans which are repayable in 60 monthly instalments of approximately \$16,665 and \$4,160 beginning in July 2016 and \$1,660 beginning in September 2017. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows and budgets on all contracts, while maintaining adequate working capital on hand to meet its future obligations. As of April 30, 2018, the Company had cash on hand of \$796,001 and accounts receivable of \$444,239 to meet working capital requirements.

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

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

12. FINANCIAL INSTRUMENTS (Continued)

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, 2018, cash, accounts receivable and accounts payable of \$397,277, \$24,855 and \$Nil (July 31, 2017 - \$704,996, \$5,895 and \$Nil), respectively, are shown in US dollars and converted into Canadian dollars at the period end exchange rate of 1.2836 (July 31, 2017 - 1.2485). For the nine months ended April 30, 2018, the Company recognized a gain on foreign exchange of \$10,125 (nine months ended April 30, 2017 - \$52,763) as a result of the appreciation of the US dollar. The potential effect of a 5% increase or decrease in US currency held by the Company would result in an increase or decrease in net earnings of approximately \$21,000.

Interest Rate Risk

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

Sensitivity Analysis

As at April 30, 2018, the carrying value and fair value amounts of the Company's financial instruments are approximately the same. The Company does not believe there would be any material movements as a result of changes in interest rates or foreign exchange rates.

Fair Value Hierarchy

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

13. SUBSEQUENT EVENTS

On June 6, 2018, warrant holders exercised 14,338,459 warrants at a price of \$0.05 and 2,564,102 warrants at a price of \$0.0675 for total proceeds of \$890,000.

BLUERUSH INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017 (Presented in Canadian Dollars) (Unaudited)

14.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect the current year's presentation.

The prior period revenue categories were reclassified into new categories as follows:

	Three months ended April 30, 2018		Nine months ended April 30, 2017	
	New Presentation	Former Presentation	New Presentation	Former Presentation
Revenue	\$ -	\$ 784,819	\$ -	\$ 2,573,192
Subscriptions and support	258,434	-	758,459	-
Services	524,913	-	1,809,534	-
Interest	1,472	-	5,199	-
	\$ 784,819	\$ 784,819	\$ 2,573,192	\$ 2,573,192

The prior period expense categories were reclassified into new categories as follows:

	Three months ended April 30, 2018		Nine months ended April 30, 2017	
	New Presentation	Former Presentation	New Presentation	Former Presentation
Cost of sales - subscriptions and support	\$ 132,204	\$ -	\$ 437,138	\$ -
Cost of sales - services	275,674	-	884,237	-
Salaries and benefits	-	571,278	-	1,742,622
General and administrative	188,530	92,565	659,960	388,713
Consulting fees	-	177,472	-	641,679
Production costs	-	83,998	-	284,572
Professional fees	-	33,594	-	93,641
Research and development	239,474	-	751,289	-
Sales and marketing	123,025	-	418,603	-
	\$ 958,907	\$ 958,907	\$ 3,151,227	\$ 3,151,227