BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2016
(Presented in Canadian Dollars)
(Unaudited)

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2016

CONTENTS

(Unaudited)

BLUERUSH MEDIA GROUP CORP.

NOTICE TO READER

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements ("the financial statements") of BlueRush Media Group Corp. (the "Company") as at and for the three and nine months ended April 30, 2016 and 2015 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

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, 2016 and 2015 nor have they conducted any procedures with respect to the supplementary financial schedules herein.

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS OF
(Presented in Canadian Dollars)

	Note	April 30, 2016 (Unaudited)	July 31, 2015 (Audited)
ASSETS			
Current Assets			
Cash		$ 2,014,167	$ 2,121,550
Accounts receivable		695,867	860,105
Prepaids and other assets		27,526	22,823
Income taxes and investment tax credits recoverable		235,938	417,538
Unbilled revenue	4	27,423	2,069
Total Current Assets		3,000,921	3,424,085
Long Term Assets			
Income taxes and investment tax credits recoverable		467,502	467,502
Equipment	5	37,550	36,839
Intangibles	6	649,214	393,161
Total Long Term Assets		1,154,266	897,502
Total Assets		$ 4,155,187	$ 4,321,587
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	$ 215,064	$ 305,364
Deferred revenue	4	436,353	347,575
Term loans - current portion	9	21,225	21,225
Total Current Liabilities		672,642	674,164
Long Term Liabilities			
Term loans	9	1,200,632	1,195,666
Deferred taxes		40,239	75,977
Total Long Term Liabilities		1,240,871	1,271,643
Commitments	10		
Equity			
Share capital	11	774,883	774,883
Contributed surplus	11	336,551	336,551
Retained earnings		1,130,240	1,264,346
Total Equity		2,241,674	2,375,780
Total Liabilities and Equity		$ 4,155,187	$ 4,321,587

Approved on Behalf of the Board

(Signed) - "*Larry Lubin*", Director

(Signed) - "*Jim Moriarty*", Director

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

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED APRIL 30
(Presented in Canadian Dollars)
(Unaudited)

	Note	2016	2015
REVENUE		$ 737,320	$ 760,178
EXPENSES			
Salaries and benefits		297,203	527,320
Consulting fees		272,788	110,235
General and administrative		342,554	159,592
Production costs		83,547	40,605
Professional fees		38,526	20,239
Interest and bank charges		22,461	8,946
Amortization of intangible assets		7,891	-
Amortization of equipment		2,343	2,753
Total Expenses		1,067,313	869,690
LOSS BEFORE TAXES		(329,993)	(109,512)
Current income taxes		-	-
Deferred income taxes (recovery)		(61,295)	(11,203)
Total Income Taxes		(61,295)	(11,203)
NET EARNINGS AND COMPREHENSIVE INCOME		$ (268,698)	$ (98,309)
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC		$ (0.008)	$ (0.003)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC		32,593,000	32,593,000
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED		$ (0.008)	$ (0.003)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED		32,593,000	32,593,000

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

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED APRIL 30
(Presented in Canadian Dollars)
(Unaudited)

	Note	2016	2015
REVENUE		$ 2,714,963	$ 2,949,038
EXPENSES			
Salaries and benefits		1,174,585	1,618,439
Consulting fees		660,573	496,660
General and administrative	12	604,273	357,835
Production costs	12	239,338	142,824
Professional fees		105,259	85,611
Interest and bank charges		69,801	28,620
Amortization of intangible assets		23,672	-
Amortization of equipment		7,306	8,903
Total Expenses		2,884,807	2,738,892
(LOSS) EARNINGS BEFORE TAXES		(169,844)	210,146
Current income taxes		-	(558)
Deferred income taxes		(35,738)	35,058
Total Income Taxes		(35,738)	34,500
NET EARNINGS AND COMPREHENSIVE INCOME		$ (134,106)	$ 175,646
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC		$ (0.004)	$ 0.005
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC		32,593,000	32,593,000
EARNINGS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - DILUTED		$ (0.004)	$ 0.005
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED		32,593,000	32,593,000

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

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED APRIL 30, 2016 and 2015
(Presented in Canadian Dollars)
(Unaudited)

	Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance - August 1, 2014	32,593,000	$ 774,883	$ 336,551	$ 759,045	$ 1,870,479
Net earnings	-	-	-	175,646	175,646
Balance - April 30, 2015	32,593,000	$ 774,883	$ 336,551	$ 934,691	$ 2,046,125
Balance - August 1, 2015	32,593,000	774,883	336,551	1,264,346	2,375,780
Net earnings	-	-	-	(134,106)	(134,106)
Balance - April 30, 2016	32,593,000	$ 774,883	$ 336,551	$ 1,130,240	$ 2,241,674

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

BLUERUSH MEDIA GROUP CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 30
(Presented in Canadian Dollars)
(Unaudited)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) earnings	$ (134,106)	$ 175,646
Items not requiring an outlay of cash:		
Amortization of equipment	7,306	8,903
Amortization of intangibles	23,672	-
Unrealized gain on foreign exchange	38,179	(40,131)
Interest accretion on term loans	4,966	-
Deferred income taxes	(35,738)	35,058
Changes in non-cash working capital:		
Accounts receivable	156,914	(177,027)
Prepaids and other assets	(4,703)	(12,810)
Work in process	-	842
Unbilled revenue	(25,354)	47,301
Income taxes and investment tax credits recoverable	181,600	152,032
Accounts payable and accrued liabilities	(88,908)	(131,817)
Deferred revenue	88,778	119,436
NET CASH PROVIDED BY OPERATING ACTIVITIES	212,606	177,433
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	-	(111,111)
Proceeds from term loan	-	200,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	88,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures to develop internally generated intangible assets	(730,695)	(210,228)
Expenditures recovered to develop internally generated intangible assets	450,970	140,950
Purchase of equipment	(8,017)	(1,189)
NET CASH USED IN INVESTING ACTIVITIES	(287,742)	(70,467)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(32,247)	41,228
NET (DECREASE) INCREASE IN CASH	(107,383)	237,083
CASH, BEGINNING OF YEAR	2,121,550	1,624,107
CASH, END OF YEAR	$ 2,014,167	$ 1,861,190
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 64,835	$ 23,834
Income taxes paid	$ -	$ -

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

1. NATURE OF BUSINESS

BlueRush Media Group Corp. ("BlueRush" or the "Company") is a digital marketing company which combines leading edge technology with award winning creative television production. The Company was incorporated on April 6, 2004 in the Province of Ontario. BlueRush is listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 75 Sherbourne Street in Toronto, Canada.

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 2015 annual financial statements.

These financial statements were authorized by the Board of Directors on June 29, 2016.

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.

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Not Yet Effective

The following are IFRS changes that have been issued by the IASB, which may affect the Company, but are not yet effective:

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued in January 2016, and replaces IAS 17, Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. The most significant effect expected of the new requirements will be an increase in lease assets and financial liabilities for lessees with material off-balance sheet leases. Lessor accounting requirements under IFRS 16 are carried forward from IAS 17 and accordingly, leases will continue to classified and accounted for as operating or finance leases by lessors. IFRS 16 is required for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company is in the process of assessing the impact that this new standard will have on its consolidated financial statements.

4. CONTRACT COSTS AND REVENUES

	April 30, 2016	April 30, 2015
Costs incurred on contracts in progress	$ 341,631	$ 276,021
Profits recognized on contracts in progress	528,746	321,095
Progress billings	(1,279,307)	(1,099,871)
	(408,930)	(502,755)
Unbilled revenue	27,423	11,688
Deferred revenue	$ (436,353)	$ (514,443)

(Presented in Canadian Dollars)

5. EQUIPMENT

The components of equipment are as follows as of April 30, 2016:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2015	$ 69,681	$ 100,053	$ 169,734
Additions	-	8,018	8,018
Disposals	-	-	-
Closing balance - April 30, 2016	$ 69,681	$ 108,071	$ 177,752

Accumulated Amortization	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2015	$ 54,904	$ 77,991	$ 132,895
Amortization	2,142	5,165	7,307
Closing balance - April 30, 2016	$ 57,046	$ 83,156	$ 140,202

Carrying Value	Furniture and Fixtures	Computer Equipment	Total
Balance - August 1, 2015	$ 14,777	$ 22,062	$ 36,839
Closing balance - April 30, 2016	$ 12,635	$ 24,915	$ 37,550

6. INTANGIBLES

The components of internally generated intangible assets are as follows as of April 30, 2016:

Cost	Available for Use	Under Development	Total
Opening balance - August 1, 2015	$ 157,810	$ 252,658	$ 410,468
Additions	-	730,695	730,695
Recoveries of expenditures	-	(450,970)	(450,970)
Disposals	-	-	-
Closing balance - April 30, 2016	$ 157,810	$ 983,353	$ 690,193

(Presented in Canadian Dollars)

6. INTANGIBLES (Continued)

Accumulated Amortization						
Opening balance - August 1, 2015	$	17,307	$	-	$	17,307
Amortization		23,672		-		23,672
Closing balance - April 30, 2016	$	40,979	$	-	$	40,979

Carrying Value						
Balance - August 1, 2015	$	140,503	$	252,658	$	393,161
Closing balance - April 30, 2016	$	116,831	$	983,353	$	649,214

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		April 30, 2016		July 31, 2015
Trade accounts payable	$	48,695	$	12,579
Accrued liabilities		34,548		160,526
Accrued vacation pay and other employee benefits		108,877		68,848
Government remittances payable		22,943		63,411
	$	215,063	$	305,364

8. CREDIT FACILITY

In order to meet daily cash flow requirements, the Company utilizes a revolving line of credit in the form of an overdraft on its chequing account at the Canadian Imperial Bank of Commerce ("CIBC") to a maximum of $1,000,000 or the aggregate of 75% of accounts receivable under 90 days and 40% of work in process and unbilled disbursements (to a maximum of $500,000). The credit facility is interest-bearing at the CIBC prime rate plus 1.50% per annum. The line of credit is repayable on demand and secured by a general security agreement covering all the assets of the Company and its subsidiary. As of April 30, 2016, the Company has $Nil (July 31, 2015 - $Nil) in use and $972,595 (July 31, 2015 - $951,714) available under the line of credit.

(Presented in Canadian Dollars)

9. TERM LOANS

	April 30, 2016	July 31, 2015
Investissement Quebec (i)	$ 1,000,000	$ 1,000,000
Business Development Bank of Canada (ii)	250,000	250,000
Transaction costs	(28,143)	(33,109)
	1,221,857	1,216,891
Current portion	(21,225)	(21,225)
	$ 1,200,632	$ 1,195,666

(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 are 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 $100,000 of the loan.

(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 is due 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 guarateed the full amount of the outstanding committment of the loan.

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

2016 (Three months)	$ 21,225
2017	249,900
2018	249,900
2019	249,900
2020	249,900
Thereafter	229,175
	$ 1,250,000

(Presented in Canadian Dollars)

10. COMMITMENTS

The Company has the following lease commitments for premises:

Less than one year	$	38,347
Two to five years		326,367
More than five years		-
	$	364,714

11. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and has 32,593,000 common shares issued and outstanding as at April 30, 2016 and July 31, 2015.

Stock Option Plan

A summary of the status of the Company's stock options as at April 30, 2016 and changes during the nine months then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	2,050,000	$ 0.15
Granted	-	-
Exercised	-	-
Forfeited/cancelled/expired	-	-
Outstanding - end of period	2,050,000	$ 0.15
Exercisable - end of period	2,050,000	$ 0.15

The weighted average remaining contractual life of stock options as of April 30, 2016 is 6.03 years (July 31, 2015 - 6.78 years).

The Company had the following stock options outstanding as of April 30, 2016:

Number of Options Outstanding	Exercise Price $	Expiry Date
2,050,000	0.15	May 10, 2022

(Presented in Canadian Dollars)

11. SHARE CAPITAL (Continued)

Share Purchase Warrants

The Company issues share purchase warrants as compensation for consulting contracts. No warrants were issued during the nine months ended April 30, 2016.

A summary of the status of the Company's warrants as at April 30, 2016 and changes during the nine months then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	250,000	$ 0.10
Granted	-	-
Exercised	-	-
Expired	(250,000)	0.10
Outstanding - end of period	-	$ -

12. EXPENSES BY NATURE

General and Administrative Expenses

The components of general and administrative expenses for the nine months ended April 30 are as follows:

	2016	2015
Rent and occupancy costs	$ 151,135	$ 152,130
Travel	79,974	64,823
Advertising and promotion	97,015	59,379
Telecommunications	28,212	26,129
Other expenses	247,937	55,374
	$ 604,273	$ 357,835

(Presented in Canadian Dollars)

12. EXPENSES BY NATURE (Continued)

Production Costs

The components of production costs for the nine months ended April 30 are as follows:

	2016	2015
Hosting	$ 130,585	$ 86,146
Camera and teleprompter	30,734	10,156
Talent	13,544	7,661
Other production costs	64,475	38,861
	$ 239,338	$ 142,824

13. 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. The Company's related party transactions for the nine months ended April 30, 2016 were only compensation to key management personnel.

Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company. Included in salaries and benefits expense for the three and nine months ended April 30, 2016 is $123,378 and $331,879, respectively (three and nine months ended April 30, 2015 - $91,956 and 299,404, respectively) for compensation paid to key management personnel.

14. 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.

(Presented in Canadian Dollars)

14.FINANCIAL INSTRUMENTS (Continued)

Credit Risk (Continued)

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

	April 30, 2016	July 31, 2015
Current	$ 584,652	$ 514,041
Past due less than 90 days	65,861	140,410
Past due greater than 90 days	45,354	205,654
Less: Allowance for doubtful accounts	-	-
	$ 695,867	$ 860,105

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. 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, 2016, the Company had cash on hand of $2,014,167, accounts receivable of $695,867 and $972,595 available on its line of credit 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.

14. 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, 2016, cash, accounts receivable and accounts payable of $616,846, $80,000 and $12,995 (July 31, 2015 - $539,314, $46,535 and $Nil), respectively, are shown in US dollars and converted into Canadian dollars at the period end exchange rate of 1.26 (July 31, 2015 - 1.3). For the nine months ended April 30, 2016, the Company recognized a loss on foreign exchange of $33,871 (2015 - gain of $19,231) as a result of the changes in the rate of the US dollar. The potential effect of a 5% increase or decrease in US currency held by the Company would result in and increase or decrease in net earnings of approximately $34,000.

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, 2016, 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.