BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: March 31, 2024
For the Three and Six Months Ended January 31, 2024

This management's discussion and analysis ("**MD&A**") of the consolidated financial condition and results of operations of BlueRush Inc. ("**BlueRush**" or the "**Company**") should be read in conjunction with BlueRush's audited consolidated financial statements and notes thereto for the three and six months ended January 31, 2024 ("QTR 2 2024") and three and six months ended January 31, 2023 ("QTR 2 2023"). Accounting policies followed in the preparation of the consolidated financial statements are disclosed in Note 2 of the Notes to the consolidated financial statements for the three and six months ended January 31, 2024 and January 31, 2023.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are presented in Canadian dollars ("CAD"), unless indicated otherwise.

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.

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: account potentials; the Company believing that its customer base sets it up well for accelerated adoption in certain verticals; the Company intending to expand into other verticals; 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; fees to be incurred by foreign subsidiaries; sales momentum from IndiVideo continuing in future quarters; and contract liabilities being recognized over the coming quarters. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Company's current views and intentions with respect to future events, and current information available to the Company, and are subject to certain risks, uncertainties and assumptions, including: the Company raising the necessary capital and retaining the required staffing to enter new verticals.

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, 2023; changes in law; the ability to implement business strategies and pursue business opportunities; state of the capital markets; the availability of funds and resources to pursue operations; a novel business model; dependence on key suppliers and local partners; competition; the outcome and cost of any litigation; as well as general economic, market and business conditions, as well as those risk factors discussed or referred to in disclosure documents filed by the Company with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com.

Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this MD&A is made as of the date of this MD&A and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law. The Company's results and forward-looking information and calculations may be affected by fluctuations in exchange rates.

Non-GAAP Measures

This MD&A refers to "EBITDA" which is a non-GAAP and non-IFRS financial measure that does not have a standardized meaning prescribed by GAAP or IFRS. The Company's presentation of this financial measure may not be comparable to similarly titled measures used by other companies. EBITDA (earnings before interest, taxation, depreciation and amortization, share-based payments, foreign exchange gain/loss) is a non-GAAP measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows.

NATURE OF THE BUSINESS

BlueRush, through its wholly owned subsidiary, BlueRush Digital Media Corp., develops and markets IndiVideo™, a disruptive interactive personalized video platform that drives return on investment ("**ROI**") throughout the entire customer lifecycle, from increased conversions to more engaging statements and customer care. The platform cost-effectively scales, aligning cost and performance. The platform enables BlueRush clients to capture knowledge and data from their customers' video interactions, creating new and compelling data-driven customer insights. IndiVideo is proven to boost marketing and sales performance, generating a compelling ROI and creating greater customer satisfaction and loyalty.

BlueRush is publicly listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 4711 Yonge Street, 10th Floor, Toronto, Ontario, Canada.

OVERALL PERFORMANCE

BlueRush Highlights for the six months ended January 31, 2024

- EBITDA loss improved by 33% to ($775,774) at the end of QTR 2, 2024 versus ($1,164,295) at the end of QTR 2, 2023
- Total expenses reduced by $183,249or 5.7% compared to the six months ended January 31, 2023
- The company signed 8 new logo customers in the quarter
- The company also signed several expansion SaaS and Professional Services deals in Q2
- AI capability remains in Beta with an expected launch into production in June or July of 2024 which will represent the BlueRush's first freemium offer with the intent of accelerating new logo acquisition

New Logo Acquisition

The company signed 8 new customers in Q2. This is an early indication that the additional product extensions are beginning to have a positive impact. Specifically, the new logo opportunities closed in the quarter breakdown as follows:

- One OEM subscription with a US partner. The base contract is a $108,000 CDN/year subscription. The partners platform supports over 40,000 Wealth managers. The nature of the contract creates a significant revenue upside opportunity as brokers embrace the IndiVideo capability.
- 3 IndiVideo for Sales deals that allow salespeople to deploy self-recorded video from their desktops to help build funnel and close more deals. These contracts were $6,000/year each. BlueRush believes there is an opportunity to accelerate this revenue line where we tend to see shorter sales cycles and where there is a significant market opportunity.
- A $12,000 ARR contract through our Southeast Asian partner, RDS, with a major insurance company.
- Two SaaS contracts supporting 401K videos for Global Fortune 500 companies encouraging employees to take advantage of matched funding programs (each contract valued at $11,250 USD of ARR).
- One pilot sold by our South American partner, Percus.

The company also sold a $180,000 USD six-month services retainer with one of our large FI customers.

As previously disclosed, the company had several larger subscriptions churn in Q1 which, due to the nature of SaaS revenue recognition, were mostly felt in Q2 and offset a positive sales quarter. The company has implemented a well thought out retention strategy and believes that the book of SaaS contracts is increasingly solid and we have learned which type of solutions will be the most durable from a renewal standpoint.

Land and Expand with Large Enterprise Customers Remains an Important Part of our Growth Strategy

BlueRush continues to build and grow an impressive client list of leading Banks, Insurance Companies and Wealth Managers.

Recent examples include:

- 401Ks - Helping a major FI, in partnership with their Global Fortune 500 Clients, to explain the benefits of increasing and consolidating 401 K contributions with personalized video messaging. Two more of these 401K subscriptions were sold in Q2. The partner through which these were sold has many customers and the company is working on strategies to accelerate this program.

- Credit Card Onboarding - Helping one of our largest customers effectively onboard new credit card customers and solving the problem of activation once a customer has signed up for a credit card product.

- Pet Insurance – A major US Insurer is using IndiVideo to explain the nuances and benefits of Flood Insurance, a product that is often overlooked or misunderstood.

The use of personalized video technology in the banking and insurance industry fosters stronger relationships with customers and is becoming more and more of a mainstream tool. Personalized videos enable banks and insurance companies to deliver tailored and relevant messages to their customers. By leveraging customer data, such as transaction history, preferences, and demographics, these organizations can create videos that address individual needs and showcase personalized offers, promotions, or product recommendations. This level of customization enhances customer engagement, as individuals feel seen and valued by the institution, leading to increased trust and loyalty.

Personalized videos provide an opportunity to humanize the customer experience in the digital realm. In industries traditionally associated with complex and impersonal processes, personalized videos offer a way to bridge the gap and establish a more emotional connection. By incorporating elements like the customer's name, account details, or specific milestones, banks and insurance companies can create videos that feel more personal and empathetic. This human touch in communication can evoke positive emotions and foster a sense of care and understanding, ultimately strengthening the bond between the organization and its customers. As a result, we can expect to see these relationships grow as personalized video technology becomes more widely used in the banking and insurance sectors.

A New Opportunity Has Emerged Integrating with Purpose Built Marketing Automation Platform Supporting Wealth Managers, Insurance Brokers and Real Estate Agents

To date, BlueRush has one such integration. This contract was signed subsequent to our year end now represents our largest single subscription valued at $80,000 USD/year. This is a baseline amount with significant room to grow as usage increases. The company has several more of these opportunities in the sales funnel and these platform integration opportunities will represent a significant focus for BlueRush in fiscal 2024.

Integrating personalized video capability into Marketing Automation platforms used by Financial Advisors, Insurance Brokers, and Real Estate Agents provides several benefits. Personalization at scale can be achieved, which is crucial in delivering tailored recommendations, content, offers, and experiences across all channels and devices, along the entire customer journey. This capability can help these professionals to better respond to their efforts to do outreach by email, SMS, and social media, leading to higher engagement rates and conversions.

Marketing and compliance teams can control the quality and content of the video messaging through the ability to lock down templates and with approval workflows, ensuring that the messaging is consistent and compliant with regulations. By leveraging AI-powered video creation capabilities, these professionals can create high-quality videos without extensive editing expertise, saving time and effort. This technology can be especially beneficial for small and medium-sized enterprises (SMEs) that often have limited budgets and resources for video production. Overall, integrating personalized video capability into Marketing Automation platforms can help these professionals to create informative and visually appealing instructional videos, leading to better customer engagement and satisfaction.

We have also continued to enhance our integration with HubSpot. The HubSpot integration has created a down-market opportunity with a growing number of companies taking advantage of this capability. In particular, we have had success with small and medium-sized sales teams who are existing Hubspot users and trying to optimize their outreach strategies.

We will continue to acquire and grow large enterprise customers and have added a focus on integration with Marketing Automation platforms, an area where our technology is particularly well suited and where we have the opportunity to secure larger subscriptions. The hard-working team at BlueRush has helped establish the technical, sales and marketing capabilities to drive an exciting next chapter for the company and our shareholders.

RESULTS OF OPERATIONS

The following table provides selected financial position data for the years indicated, in Canadian dollars, which has been derived from the internally generated consolidated condensed financial statements for the periods ended January 31, 2024, and, January 31, 2023, and audited annual consolidated financial statements for a fiscal year ended July 31, 2023, which have been prepared in accordance with International Financial Reporting Standards.

As at	January 31, 2024	January 31, 2023	July 31, 2023
Total Assets	$1,802,832	$5,928,765	$2,875,812
Non-current Liabilities	2,139,968	6,165,985	4,005,190
Shareholders' Deficiency	($5,006,002)	($3,676,920)	($4,276,373)

The following table summarizes BlueRush's recent results of operations for the years indicated. The selected financial information set out below is in Canadian dollars and has been derived from the audited consolidated financial statements for the three and six months ended January 31, 2024 and January 31, 2023, and audited consolidated financial statements for the year ended July 31, 2023, which have been prepared in accordance with International Financial Reporting Standards.

	Six months ended January 31, 2024	Six months ended January 31, 2023	Year ended July 31, 2023
Revenues			
Subscriptions	$1,232,462	$1,499,075	$2,977,795
Services	778,477	808,329	1,623,951
	2,010,939	2,307,404	4,601,746
Cost of Sales			
Subscriptions	281,734	77,821	402,339
Services	628,818	801,983	1,463,771
	910,552	879,804	1,866,110
Gross profit	1,100,387	1,427,600	2,735,636
Net loss and Comprehensive loss	($1,563,905)	($1,693,416)	($2,310,877)
per share – basic and diluted	($0.044)	($0.050)	($0.068)

For the six months ended January 31, 2024, BlueRush generated revenue of $2,010,939, had cost of sales of $910,552, aggregate expenses of $3,017,577 resulting in a net loss from operations of $1,563,905, or $0.044 per share. This compares with revenue of $2,307,404, cost of sales of $879,804, aggregate expenses $3,200,826 and deferred tax recovery of $42,420, resulting in a net loss from operations of $1,693,416, or $0.050 per share, for the six months ended January 31, 2023.

BlueRush experienced an overall decrease in revenues of 13%, or $296,466 as compared to the six months ended January 31, 2023. Subscriptions revenue decreased by 18% or $266,519, while services revenue decreased by 4% or $29,947 due to delays in starting dates of a number of projects.

The Company's total expenses, excluding cost of sales, decreased by approximately 8%, or $273,610, as compared to the six months ended January 31, 2023.

Research and development costs decreased by approximately 15%, or $85,565, as compared to the six months ended January 31, 2023, due mainly to lower salary costs caused by headcount reductions during the latter part of fiscal 2023. The Company is committed to building out the IndiVideo platform, moving towards a self-serve functionality that will dramatically increase the scalability and adaptability of the platform.

The Company has available $15,753,102 of Federal income tax losses and $15,959,517 of Quebec income tax losses to offset certain future taxable income, as well as $1,650,279 Federal and $175,930 of Ontario non-refundable ITCs available to reduce future taxes payable.

EBITDA (Non-GAAP Measure)

The following table shows the Company's calculation of EBITDA for the six months ended January 31, 2024 and January 31, 2023, and fiscal year ended July 31, 2023: The column for 12 months ended July 31, 2023 or fiscal year 2023 carries the note "Unaudited", b/c the EBITDA calculation, as a non-GAAP measure, has not been audited and is based on internal management calculations and assumptions.

	Six months ended January 31, 2024 (Unaudited)	Six months ended January 31, 2023 (Unaudited)	Fiscal year ended July 31, 2023 (Unaudited)
Net loss	($1,563,905)	($1,693,416)	($2,310,877)
Share-based payments	84,274	-	229,376
Interest and finance charges	716,269	560,342	1168286
Amortization	-	12,888	25,776
Depreciation	7,896	36,277	46,351
Other income	(20,309)	(37,390)	(90,077)
Deferred income tax recovery	-	(42,420)	(9,771)
EBITDA	**($775,775)**	**($1,163,719)**	**($940,936)**

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, which should be read in conjunction with the financial statements of the Company:

	Three months ended (unaudited)			
	January 31, 2024	**October 31, 2023**	**July 31, 2023**	**April 30, 2023**
Total Revenue	2,010,939	2,010,939	1,141,603	1,152,739
Net loss for the period	($1,563,905)	(1,563,905)	333,330	(901,566)
Net loss per share – basic & diluted	($0.044)	($0.044)	$0.010	($0.030)
	January 31, 2023	**October 31, 2022**	**July 31, 2022**	**April 30, 2022**
Total Revenue	1,088,777	1,218,627	1,188,758	1,237,919
Net loss for the period	(905,594)	(837,047)	(1,097,169)	(718,198)
Net loss per share – basic & diluted	($0.030)	($0.020)	($0.110)	($0.020)

CASH FLOWS

Six months ended January 31, 2024 and 2023

During the six months ended January 31, 2024, the Company utilized $1,405,879 of cash in its operating activities as compared to $1,770,672 utilized during the six months ended January 31, 2023.

During the six months ended January 31, 2024, net cash provided by financing activities was $nil as compared to net cash provided by financing activities of $3,905,015 during the six months ended January 31, 2023, as the Company concluded private placement of unsecured convertible debentures of CAD $2,275,145 and received a term loan of $2,000,000.

During the six months ended January 31, 2024, net cash used by investing activities was $1,777 (six months ended January 31, 2024 - $1,589), which related to the purchases of computer equipment.

During the six months ended January 31, 2024, the company experienced overall a net decrease in cash of $1,407,656 as compared to a net cash increase of $2,132,754 during the six months ended January 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights	Six months ended January 31, 2024 (Unaudited)	Six months ended January 31, 2023 (Unaudited)	12 months ended July 31, 2023 (Unaudited)
Working capital surplus (deficit)	($2,918,262)	$2,423,259	($329,530)
Normalised working capital *(excludes deferred revenues and customer deposits)*	(1,741,841)	4,052,440	467,058
Cash	462,458	3,380,585	1,870,113
Accounts receivable	701,678	1,431,839	508,838
Investment tax credit refundable	310,000	574,452	220,000
Total assets	1,802,832	5,928,765	2,875,812
Total liabilities	6,808,834	9,605,687	7,152,185
Total shareholder's deficiency	($5,006,002)	($3,676,920)	($4,276,373)

Working Capital

As at January 31, 2024, the Company had a working capital deficit of $2,918,262 as compared to a working capital surplus of $2,423,259 as at January 31, 2023. The normalized working capital (excluding items which will not crystallize and are due to timing of revenue recognition) would indicate a working capital deficit of $1,741,841 compared to a surplus of $4,052,440 as at January 31, 2023.

Sources and Uses of Cash

In connection with private placement completed on August 9, 2022, with gross proceeds of $3,895,339, the Company issued 3,065 convertible debenture units and 7,526,500 warrants. Of this amount, $1,620,194 was received in cash in June and July 2022, prior to the end of fiscal year ended July 31, 2022. Convertible debentures were issued at a price of $1,177 (USD $1,000) per unit, with warrants exercisable at a price of $0.47 (USD $0.375). Each convertible debenture unit consisted of 4,000 to 5,000 common shares and 400 to 2,500 share purchase warrants entitling the holder to purchase an equivalent number of additional common shares for four (4) years at price of $0.47 per share.

In February 2021, the Company completed a non-brokered private placement financing raising gross proceeds of $5 million through the issuance of 9,523,809 units of the Company at $0.525 per unit. Each unit consisted of (i) one common share of the Company, and (ii) one transferable common share purchase warrant with each warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.90 per share until the date that is 36 months from issuance, subject to acceleration.

During the year ended July 31, 2020, warrant holders exercised 411,834 warrants at $0.25 and 117,028 warrants at $0.3375 for total gross proceeds of $142,455.

In July 2020, the Company completed a non-brokered private placement financing raising gross proceeds of $1,450,000 through the issuance of unsecured convertible debentures (the " Debentures II "). The Notes accrue interest at a rate of 10% per annum and were to mature on May 31, 2023. In January 2021, $1,450,000 in principal amount of the Debenture II's were converted by their holders resulting in the issuance of 4,833,333 common shares of the Company. In Q2 2021, the Company accrued the interest amounts of $35,356 plus previously accrued interest of $48,123 for the underlying Debenture II holder which was paid to the Debentures II holders concurrently upon conversion.

In October 2018, the Company completed a non-brokered private placement of convertible debentures (the "Debentures I") raising gross proceeds of $2,000,000. The Notes accrue interest at a rate of 10% per annum and were to mature on October 31, 2023. In January 2021, $1,250,000 in principal amount of the Debenture I's were converted by their holders resulting in the issuance of 2,380,952 common shares of the Company resulting in a reduction in the principal amount outstanding of Debenture I to $750,000. In addition, as an incentive to convert, the holders were issued warrants of the Company exercisable for up to 1,190,476 common shares of the Company at $0.90 per share until January 29, 2024. All interest owing on the principal amount of the converted Debenture I was paid to the holders in cash concurrently with the issuance of the securities.

The Company's capital expenditure has historically been low and there are no significant capital expenditures planned within the next fiscal year, other than for general purchases of computer equipment and furniture.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Material ongoing contractual obligations of BlueRush relate to the payment of operating leases for office premises. BlueRush cancelled its lease of the office space in Toronto, Ontario located at 4711 Yonge Street, 10th Floor, Toronto, Ontario, Canada, while holding to the satellite office space in Montreal, Quebec located at 1751 Richardson, Suite 3116. The Company shortened the lease commitment for its satellite office in Montreal and exited the premises on January 30, 2023.

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 for the six months January 31, 2024 and January 31, 2023, were all paid to key management personnel and were as follows:

	January 31, 2024	January 31, 2023	July 31, 2023
Salaries and benefits	367,768.00	$675,461	$1,047,461
Stock-based compensation (i)	56,560	-	204,104
	$424,328	**$675,461**	**$1,251,565**

i) Stock based compensation for officers/directors is comprised of the vested value of stock options granted during the year.

OFF-BALANCE SHEET ARRANGEMENTS

BlueRush has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING ESTIMATES

Preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Although these estimates and assumptions are based on management's best knowledge of current events, actual results may be different.

Certain estimates depend on subjective or complex judgments about matters that may be uncertain and changes in these estimates could materially impact the financial statements. The key sources of estimation uncertainty at statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below:

Revenue Recognition

The Company's contracts with customers often include promises to transfer multiple services. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates. These judgments and estimates include identifying performance obligations in the contract, determining whether the performance obligations are distinct, determining the stand-alone selling price 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 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 quarterly 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 and Deferred Tax Assets

Investment tax credits are claimed on the Company's research and development activities and are based on a percentage of employee wages. Management is required to make judgments of the amount of investment tax credits that the Company will be able to claim. 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, intangible assets and salaries and wages expense. Management also exercises judgment in the utilization of non-refundable ITCs recorded as an asset which have not yet been applied to reduce taxes payable and in determining the portion of ITCs 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 non-refundable ITCs. The ultimate realization of the deferred tax assets and non-refundable ITCs is dependent on the generation of future taxable income during the year in which the temporary differences and non-refundable ITCs 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 which 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 several 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

On December 8, 2022, the Company executed a “reverse split” or consolidated its common shares in the ratio of five (5) “old” common shares to one (1) “new” common share. After the consolidation, the number of issued and outstanding common shares is 34,100,218, reduced from 170,501,086. The consolidation event was formally executed on December 19, 2022. All share data and information related to the Company’s stock-based compensation plans presented herein have been retroactively adjusted to give effect to the reverse stock split.

The Company has authorized an unlimited number of common shares and, as of July 31, 2023, has 34,100,218 common shares issued and outstanding, incentive stock options outstanding and exercisable for up to 4,859,722 common shares and warrants outstanding exercisable for up to 21,992,713 common shares,

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.

RISK AND UNCERTAINTIES

Credit Risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Company is exposed to credit risk on its trade receivables. 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. The amounts reported for trade receivables in the consolidated statement of financial position is net of allowances for credit losses and the net carrying value represents the Company's maximum exposure to credit risk.

Management regularly reviews the credit terms and monitors the age and balances outstanding. Payment terms with customers are normally 30 days from invoice date. For the six months ended January 31, 2024, the Company recorded $19 of Expected Credit Losses (six months ended January 31, 2023 - $nil, year ended July 31, 2023 - $53,554 provision for Expected Credit Losses).

As at January 31, 2024, approximately 30% of the Company’s accounts receivable are due from one significant customer (January 31, 2023 – 32% from one customer, and July 31, 2023 - 48% was due from one significant customer) and represents 38% (January 31, 2023– 13%, July 31, 2023 – 25%) of the Company’s sales.

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

	ECL %	January 31, 2024	January 31, 2023	July 31, 2023
Current	0.0%	591,356	$808,863	$506,933
Over 30 days past due	0.5%	18,321	18,112	2,265
Over 60 days past due	1.0%	54,294	107,301	14,639
Over 90 days past due	2.5%	54,777	589,583	2,071
Less: Provision for ECLs		($17,070)	($92,020)	($17,070)
		$701,678	**$1,431,839**	**$508,838**

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they fall due. The Company currently settles its financial obligations such as accounts payable out of cash. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

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, lease liabilities, its term loans and convertible debentures, which are repayable in various monthly and quarterly installments as discussed in note 9 and 10. 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 January 31, 2024, the Company had the cash on hand of $462,458 (January 31, 2023- $3,380,585, July 31, 2023 - $1,870,113) and accounts receivable of $701,678 (January 31, 2023 - $1,431,839, July 31, 2023 - $508,838) to meet its working capital requirements.

As at January 31, 2024, the Company's current liabilities exceeded current assets by $2,918,262 (January 31, 2023 - current assets exceeded current liabilities by $2,423,259, July 31, 2023 – current liabilities exceeded current assets by $329,530). Of this amount, $1,176,421 (January 31, 2023 - $1,629,181, July 31, 2023 - $796,588) relates to Deferred Revenues, which is expected to be settled through the performance of service in the normal course of business.

The Company has no current commitments for capital expenditures as of the date hereof. Trade and other payables are due within the next 12 months. Convertible debentures that were issued in August 2022 have interest only due annually.

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

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the company. The functional currency of the Company is Canadian dollar (CAD). The currencies in which transactions are primarily denominated are Canadian or US dollars (USD).

In respect of monetary assets and liabilities denominated in foreign currencies, the Company policy is to ensure that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rate when necessary to address short-term imbalances and business needs.

As at January 31, 2024, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $614,327 (January 31, 2023– $1,794,974, July 31, 2023 – USD $1,115,433) and converted at the exchange rates of 1.34. For the six months ended January 31, 2024, the Company recognized a loss on foreign exchange of $34,591 (six months ended January 31, 2023 – gain of $149,395, July 31, 2023 - gain of $82,619).

Exposure to Currency Risk

		January 31, 2024	January 31, 2023	July 31,2023
Cash	USD	188,371	$1,004,856	$902,103
Trade receivables		455,188	806,923	319,852
Trade payables		(29,232)	(16,805)	(106,522)
Net statement of financial position exposure	**USD**	**$614,327**	**$1,794,974**	**$1,115,433**
Average USD to CAD exchange rate		1.35	1.34	1.34
Spot rate USD to CAD exchange rate		1.34	1.34	1.32

Sensitivity Analysis

A reasonably possible strengthening and/or weakening of Canadian dollar against US dollar on January 31, 2024, January 31, 2023, and July 31, 2023, would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss by the amount show below.

The potential effect of a 5% increase or decrease in net exposure due to the USD transactions would result in an increase or decrease in net earnings of approximately $41,160 (January 31, 2023 - $119,815, July 31, 2023 - $73,340). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Exposure to Currency Risk

Spot rate	January 31, 2024		January 31, 2023		July 31,2023	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD - movement 5.0%	1.41	1.27	1.40	1.27	1.38	1.25
USD - movement 10.0%	1.47	1.21	1.47	1.20	1.45	1.19
Impact: Profit and Loss						
USD - movement 5.0%	$41,160	($41,160)	$119,815	($119,815)	$73,490	($73,490)
USD - movement 10.0%	$82,320	($82,320)	$239,629	($381,402)	$146,981	($146,981)

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 term loans and convertible debentures.

Fair Value

As at January 31, 2024, 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.

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.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

There are no further IFRS changes that have been issued by the IASB that may affect the Company, but not yet effective.

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.