



QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Unaudited)

The accompanying unaudited interim financial statements have been prepared by Management of Quizam Media Corporation and have not been reviewed by the Company's auditors

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	As at February 28, 2017 \$	As at May 31, 2016 \$
ASSETS		
Current		
Cash and cash equivalent	1,407	29,328
Accounts receivable	56,724	19,151
Prepaid expenses and deposits	10,238	16,538
Sales taxes recoverable	7,330	12,654
	<hr/> 75,699	<hr/> 77,671
Property and equipment (Note 3)	34,699	44,669
Film distribution rights (Note 4)	29,264	29,264
	<hr/> 139,662	<hr/> 151,604
LIABILITIES		
Current		
Accounts payable and accrued liabilities	69,986	136,704
Deferred revenue	38,348	12,890
Due to related parties (Note 12)	18,321	–
Promissory notes payable (Note 6)	–	123,442
	<hr/> 126,655	<hr/> 273,036
EQUITY (DEFICIENCY)		
Share capital (Note 7)	17,065,226	15,337,285
Contributed surplus	2,301,992	2,173,682
Share subscriptions received	–	15,000
Deficit	(19,354,211)	(17,647,399)
	<hr/> 13,007	<hr/> (121,432)
	<hr/> 139,662	<hr/> 151,604

Nature and continuance of operations (Note 1)

Commitments (Note 16)

Subsequent event (Note 17)

APPROVED ON BEHALF OF THE BOARD ON May 1st, 2017:

/s/ "Russ Rossi"

Russ Rossi, Director

/s/ "Jim Rosevear"

Jim Rosevear, Director

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending February 28, 2017 \$	Three Months Ending February 29, 2016 \$	Nine Months Ending February 28, 2017 \$	Nine Months Ending February 29, 2016 \$
REVENUES				
Training services and software sales	132,116	125,884	362,109	362,222
Film distribution licences	–	–	4,985	–
Custom app development	–	–	15,750	–
	132,116	125,884	382,844	362,222
EXPENSES				
Accounting and legal (Note 12)	94,458	60,410	358,375	225,300
Automobile	3,071	7,769	8,801	19,628
Bank charges and finance fees	11,142	6,269	21,083	18,067
Depreciation	3,662	3,958	19,148	11,512
Film development costs	–	12,266	–	12,266
Investor and finance development (Note 12)	40,020	56,439	162,175	134,111
Management fees (Note 12)	46,400	36,040	118,400	108,040
Office and miscellaneous	32,656	12,259	114,305	45,216
On-Track TV development costs (Note 11 and 12)	29,400	35,953	229,420	64,060
Regulatory fees	6,021	2,537	14,653	10,516
Rent	35,515	38,515	106,545	115,545
Research and development	102,428	43,549	222,051	146,942
Software development costs (Note 11 and 12)	17,300	5,307	68,151	24,677
Share-based compensation (Note 8)	–	48,882	176,924	93,185
Subcontractors	46,492	10,922	196,749	34,431
Telephone and internet	3,372	8,922	13,865	16,572
Travel and business development	56,830	96,753	181,529	223,323
Wages and benefits (Note 12)	47,680	54,933	140,166	168,636
	576,447	541,683	2,152,340	1,472,027
LOSS BEFORE OTHER ITEMS	(444,331)	(415,799)	(1,769,496)	(1,109,805)
OTHER ITEMS				
Accretion of promissory note receivable	–	5,061	–	9,027
Termination fee received upon cancellation of Share Exchange Agreement (Note 5)	66,000	–	66,000	–
Impairment of film distribution rights (Note 4)	–	–	(3,650)	–
Interest income	362	343	334	1,201
	(377,969)	(410,395)	(1,706,812)	(1,099,577)
NET LOSS AND COMPREHENSIVE LOSS	(377,969)	(410,395)	(1,706,812)	(1,099,577)
LOSS PER SHARE BASIC AND DILUTED	(0.03)	(0.07)	(0.16)	(0.21)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	13,600,677	5,913,700	10,531,475	5,300,900

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Nine Months Ending February 28, 2017 \$	Nine Months Ending February 29, 2016 \$
OPERATING ACTIVITIES		
Net loss	(1,706,812)	(1,099,577)
Add back non-cash items:		
Accretion of promissory note receivable	–	(9,027)
Depreciation	19,148	11,502
Foreign currency	–	(11,638)
Impairment of film distribution rights	3,650	–
Share-based compensation	176,924	93,185
	(1,507,090)	(1,015,555)
Changes in non-cash working capital items:		
Accounts receivable	(37,573)	(36,902)
Amounts receivable	–	17,375
Prepaid expenses and deposits	6,300	13,274
Sales taxes recoverable	5,324	8,833
Accounts payable and accrued liabilities	(66,718)	2,637
Due to related parties	(105,121)	(301,575)
Deferred revenue	25,458	–
CASH USED IN OPERATING ACTIVITIES	(1,679,420)	(1,311,913)
FINANCING ACTIVITIES		
Issuance of common shares, net	1,664,327	1,327,184
Subscriptions received	–	45,000
CASH PROVIDED BY FINANCING ACTIVITIES	1,664,327	1,372,184
INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,178)	(3,675)
Investment in film production	(3,650)	(40,350)
CASH USED IN INVESTING ACTIVITIES	(12,828)	(44,025)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(27,921)	16,246
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF FUNDS ON DEPOSIT) – BEGINNING OF THE PERIOD	29,328	(11,367)
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	1,407	4,879
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–
NON-CASH FINANCING ACTIVITIES		
Common shares issued to acquire investment in Aviron Group LLC	–	100,000
Warrants issued to acquire investment in Aviron Group LLC	–	1,150,266
Issuance of shares for finders' fees	55,485	–

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount \$	Contributed Surplus \$	Share Subscriptions Received \$	Deficit \$	Total \$
As at May 31, 2015	4,315,245	13,600,229	980,446	23,806	(14,910,062)	(305,581)
Common shares issued for cash	1,130,000	420,500	–	(23,806)	–	396,694
Issued as finder's fees	25,638	10,200	–	–	–	10,200
Share issuance costs	–	(16,734)	–	–	–	(16,734)
Warrants exercised	750,844	827,024	–	–	–	827,024
Stock options exercised	100,000	110,000	–	–	–	110,000
Common shares issued to acquire investment in Aviron Group LLC	100,000	100,000	–	–	–	100,000
Warrants issued to acquire investment in Aviron Group LLC	–	–	1,150,266	–	–	1,150,266
Subscriptions received	–	–	–	45,000	–	45,000
Share-based compensation	–	–	93,185	–	–	93,185
Net loss for the period	–	–	–	–	(1,099,577)	(1,099,577)
As at February 29, 2016	6,421,727	15,051,219	2,223,897	45,000	(16,009,639)	1,310,477
As at May 31, 2016	7,079,726	15,337,285	2,173,682	15,000	(17,647,399)	(121,432)
Units issued for cash	5,621,000	942,300	–	(15,000)	–	927,300
Issued as finder's fees	346,900	55,485	–	–	–	55,485
Share issuance costs	–	(55,485)	–	–	–	(55,485)
Warrants exercised	733,010	612,027	–	–	–	612,027
Stock options exercised	250,000	173,614	(48,614)	–	–	125,000
Share-based compensation	–	–	176,924	–	–	176,924
Rounding upon share consolidation	(25)	–	–	–	–	–
Net loss for the period	–	–	–	–	(1,706,812)	(1,706,812)
As at February 28, 2017	14,030,611	17,065,226	2,301,992	–	(19,354,211)	13,007

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (the “Company”) was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business activities consist of providing computer training and consulting services, marketing of a computer based educational program and film production. The address of the Company’s corporate office and its principal place of business is 4th Floor, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a history of significant losses, sizeable accumulated deficits and working capital deficits. These factors form a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent on completing equity financings, obtaining support from related parties or generating consistent profitable operations in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Presentation

These interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, On-Track Computer Training Ltd. and Quizam Entertainment LLC. All inter-company balances and transactions have been eliminated on consolidation.

The consolidated financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

b) New accounting standards not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (“IASB”) or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for the Company’s accounting periods beginning after June 1, 2017, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These annual improvements made necessary but non-urgent amendments to existing IFRSs.

IAS 7 Statement of Cash Flows

The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The standard is effective for annual periods beginning on or after January 1, 2017.

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New accounting standards not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 7 Financial Instruments: Disclosure

IFRS 7 was amended to required additional disclosures on transition from IAS 39 to IFRS 9. The amendment is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 Share-Based Payment

In June 2016, the Board issued the final amendments to IFRS 2 *Share-Based Payment* as follows:

- (a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;
- (b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;
- (c) Classification of share-based payment transactions with net settlement features.

The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

Management is currently evaluating any impact that the above standards may have on the Company's consolidated financial statements and this assessment has not yet been finished.

QUIZAM MEDIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. PROPERTY AND EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Total
As at May 31, 2016	\$ 392,422	\$ 79,075	\$ 24,617	\$ 4,755	\$ 500,869
Additions	9,178	–	–	–	9,178
As at February 28, 2017	\$ 401,600	\$ 79,075	\$ 24,617	\$ 4,755	\$ 510,047

Accumulated Depreciation

As at May 31, 2016	\$ 366,057	\$ 76,220	\$ 9,422	\$ 4,501	\$ 456,200
Depreciation	5,308	689	12,960	191	19,148
As at February 28, 2017	\$ 371,365	\$ 76,909	\$ 22,382	\$ 4,692	\$ 475,348

Carrying Amounts

Balance, May 31, 2016	\$ 26,365	\$ 2,855	\$ 15,195	\$ 254	\$ 44,669
Balance, February 28, 2017	\$ 30,235	\$ 2,166	\$ 2,235	\$ 63	\$ 34,699

4. INVESTMENT IN FILM PRODUCTION AND FILM DISTRIBUTION RIGHTS

During the year ended May 31, 2015, the Company invested \$55,000 in a film production project. These costs were capitalized as an intangible asset under development at May 31, 2015. No depreciation was recorded in 2015 because the production was still in progress and had not been completed yet. The Company committed to pay another \$55,000 upon completion of the project.

The Company then paid another \$51,350 upon successful completion of the project in May 2016. The remaining amount of \$3,650 was paid in June 2016.

The total film cost of \$110,000 as at May 31, 2016 was written-down to its estimated recoverable amount based on the forecasted future revenue from film distribution rights of \$29,264 on May 31, 2016. The total amount expensed for amortization and loss on write-down of movie distribution rights was \$80,736 for the year ended May 31, 2016. During the nine months ended February 28, 2017, the Company expensed an additional \$3,650 on write-down of movie distribution rights. At February 28, 2017, the carrying value of the film distribution rights was \$29,264.

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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5. INVESTMENT IN AVIRON GROUP, LLC, PROMISSORY NOTE AND AMOUNTS RECEIVABLE FROM AVIRON GROUP, LLC

On November 5, 2015, the Company completed a Share Exchange Agreement for an investment in William Sadleir's new motion picture distribution company, Aviron Group, LLC. ("Aviron"), headquartered in Beverly Hills, California. The Company issued 1,000,000 common shares and 12,250,000 share purchase warrants to acquire the Aviron investment which consisted of a 10% equity interest, a US\$1,000,000 promissory note and a further US\$250,000 amount due under an earnings participation agreement. The purchase price consideration issued by the Company for the investment was 1,000,000 common shares with a fair value of \$100,000 and 12,250,000 share purchase warrants, exercisable at \$0.08 per share for a period of 5 years, with a fair value of \$1,150,266. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: Risk-free rate: 0.91%, Expected life: 5 years, Volatility: 162%, Expected forfeitures: 0%, Dividend yield: 0%.

The Company's 10% equity interest in Aviron represents an ownership of 1,000 Class A units of Aviron which is a non-dilutable interest under the terms of the agreement. The US\$1,000,000 promissory note receivable from Aviron is non-interest bearing, unsecured and due on October 30, 2020. The US\$250,000 amounts receivable is non-interest bearing and is due in 20 quarterly payments of US\$12,500 each (US\$25,000 received as at February 28, 2017), beginning 90 days following closing.

In recording the US\$1,000,000 promissory note receivable the Company recognized a discount of \$672,124 (US\$502,823) which will be accreted over the life of the note, the net amount reflecting an estimated amortized value. During the year ended May 31, 2016, the Company recognized accretion expense of \$10,915 (US\$8,242) on the promissory note receivable. In recording the US\$250,000 amounts receivable the Company recognized a discount of \$103,318 (US\$77,293) on amounts receivable pursuant to the quarterly payments, which will be accreted over the life of the payments, reflecting estimated amortized value. During the year ended May 31, 2016, the Company recognized accretion expense of \$19,346 (US\$14,643) on the amounts receivable.

At May 31, 2016, the fair value of the Company's investment in Aviron was estimated at \$Nil based on Aviron's financial condition. As a result, at May 31, 2016 the Company recorded an impairment write-down of the Aviron 10% equity interest in the amount of \$354,832 in expenses as the impairment was determined to be other than temporary. The Company also determined that the US\$1,000,000 promissory note receivable and the US\$250,000 amounts receivable were impaired as at May 31, 2016 due to significant uncertainty in collectability of these amounts from Aviron. The promissory note and the amounts receivable were written-down to their estimated recoverable amount of \$Nil at May 31, 2016. This resulted in a loss of write-down of the promissory note and amounts receivable from Aviron of \$875,446.

During the nine months ended February 28, 2017, the Company terminated the agreement with Aviron and all elements of the agreement were reversed. In addition, the Company received a termination fee of \$66,000 from Aviron.

6. PROMISSORY NOTES PAYABLE

At February 28, 2017, the promissory notes payable balance is \$nil (May 31 2016 - \$123,442) including interest and finance fees. The promissory notes were unsecured, due on demand, bear interest at 15% and were payable to a significant shareholder of the Company.

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

7. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value. Disclosures on any common shares issued are also provided in the consolidated statements of changes in equity (deficiency).

Transactions for the nine months ended February 28, 2017:

On June 10, 2016, the Company closed a non-brokered private placement of 341,000 units at \$0.30 per unit for gross proceeds of \$102,300. Each unit consists of one common share and one share purchase warrant exercisable at \$0.70 per share for 18 months. In connection with the private placement, the Company issued 5,000 shares as finders' fees with a fair value of \$1,500.

Effective October 5, 2016, the Company completed a 10-for-1 share consolidation. All share and per share amounts have been retroactively restated to reflect the share consolidation.

On October 21, 2016, the Company closed a non-brokered private placement of 4,800,000 units at \$0.15 per unit for gross proceeds of \$720,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for 18 months. In connection with the private placement, the Company issued 314,900 common shares as finders' fees with a fair value of \$47,235.

On February 1, 2017, the Company closed a non-brokered private placement of 480,000 units at \$0.25 per unit for gross proceeds of \$120,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.50 per share for 18 months. In connection with the private placement, the Company issued 27,000 shares as finders' fees with a fair value of \$6,750.

During the nine months ended February 28, 2017, the Company issued 250,000 common shares upon the exercise of stock options for gross proceeds of \$125,000.

During the nine months ended February 28, 2017, the Company issued 733,010 common shares upon the exercise of warrants for gross proceeds of \$612,027.

During the nine months ended February 28, 2017, the Company received 100,000 common shares, which were returned by Aviron Group, LLC, pursuant to the termination of the Share Exchange Agreement dated November 5, 2015 (Note 5). At February 28, 2017, the 100,000 common shares have not been cancelled and are currently held in treasury.

At February 28, 2017, there are 14,030,611 common shares and 13,930,611 common shares issued and outstanding, respectively.

8. STOCK OPTIONS

Stock option plan and stock options issued:

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Plan"). Under the Plan, the option price must not be less than the closing price of the common shares of the Company on the TSX-V on the day immediately preceding the date of grant less the applicable discount if any. The number of options that may be issued under the plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options vest immediately. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

QUIZAM MEDIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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8. STOCK OPTIONS (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2016	288,000	\$ 0.90
Granted	590,000	0.50
Exercised	(250,000)	0.50
Expired/Cancelled	(148,000)	1.04
Outstanding, February 28, 2017	480,000	\$ 0.56

All of the options outstanding at February 28, 2017, were fully vested.

The fair value for stock options granted during the nine months ended February 28, 2017, and February 29, 2016, was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	February 28, 2017	February 29, 2016
Risk-free interest rate	0.60%	0.44%
Expected life (in years)	2.51	2.00
Expected volatility	186%	187%
Expected forfeitures	0%	0%
Dividend yield	0%	0%

Total share-based compensation expense recognized for stock options granted during the nine months ended February 28, 2017, to directors, officers and consultants of the Company was \$176,924 (February 29, 2016 - \$93,185) and was charged to operations.

The weighted average grant date fair value of stock options granted during the period was \$0.08 (2016 - \$0.40) per option. The weighted average remaining contractual life of the stock options outstanding as at February 28, 2017 was 1.12 years (May 31, 2016 – 1.22 years).

9. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Underlying Shares	Weighted Average Exercise Price
Balance, May 31, 2016	3,170,053	\$ 0.90
Issued	5,621,000	0.34
Exercised	(733,010)	0.83
Expired/Cancelled	(1,944,986)	0.89
Balance, February 28, 2017	6,113,057	\$ 0.40

QUIZAM MEDIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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9. SHARE PURCHASE WARRANTS (continued)

At February 28, 2017, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
165,067	\$ 1.20	March 9, 2017 (subsequently expired)
269,600	\$ 1.00	July 27, 2017
302,000	\$ 0.80	September 14, 2017
96,390	\$0.70	December 10, 2017
4,800,000	\$0.30	June 21, 2018
480,000	\$0.50	August 1, 2018
6,113,057		

The weighted average remaining contractual life of the warrants outstanding as at February 28, 2017, was 1.20 years (May 31, 2016 – 2.22 years).

10. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company derives sales from training services, software sales and licensing, and film distribution licenses sales.

- (a) Training Services and UK On-Track TV sales and expenses for the nine months ended February 28, 2017, and February 29, 2016, respectively:

	2017	2016
	\$	\$
Revenue	362,109	362,222
Expenses	(1,858,474)	(1,489,401)
Profit (loss)	(1,496,365)	(1,127,179)

- (b) Software and Licensing sales and expenses for the nine months ended February 28, 2017, and February 29, 2016, respectively:

	2017	2016
	\$	\$
Revenue	15,750	–
Expenses	(68,151)	(24,677)
Profit (loss)	(52,401)	(24,677)

The Company's operations are centralized whereby the Company's head office is responsible for the operational results. All of the Company's assets are in Canada. The Company's revenues include sales generated in Canada and in Europe as follows:

	2017	2016
	\$	\$
Canada	382,844	362,222
Europe	–	–

QUIZAM MEDIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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(Unaudited – Prepared by Management)

11. PRODUCT DEVELOPMENT COSTS**(a) On-Track TV**

During fiscal 2016 and 2015, the Company finished a complete set of on-line curriculum for its training division called On-Track TV. The costs associated with development of the On-Track TV, which are included in expenses for the nine months ended February 28, 2017, and February 29, 2016, are as follows:

	2017	2016
	\$	\$
Salary, wages and fees (management, programming and marketing)	172,895	–
Marketing, advertising and promotion	56,525	64,060
	<u>229,420</u>	<u>64,060</u>

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the consolidated statement of operations, and comprehensive loss for the nine months ended February 28, 2017, and February 29, 2016, are as follows:

	2017	2016
	\$	\$
Salary, wages and fees (management, programming and marketing)	68,151	24,677

12. RELATED PARTY TRANSACTIONS**(a) Key management compensation**

The Company has identified its Directors, President and Chief Executive Officer, and Chief Financial Officer as its key management personnel and the compensation costs for key management personnel and companies for services related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	2017	2016
	\$	\$
Management fees	118,400	108,040

For the nine months ended February 28, 2017, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

(b) Amounts due to related parties

At February 28, 2017, \$18,321 (May 31, 2016 – \$nil) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative.

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. RELATED PARTY TRANSACTIONS

(c) Related party transactions

Wages and fees, accounting, investor and finance development, product development, moving, office and other miscellaneous expenses are provided by a company owned by a significant shareholder who is also a director and officer. An amount of \$475,055 (February 29, 2016 - \$325,852) was included in expenses for these services during the nine months ended February 28, 2017.

During the nine months ended February 28, 2017, wages and fees, marketing and publicity, investor and finance development, product development fees, and moving expenses totaling \$451,130 (February 29, 2016 - \$254,162) were included in expenses to a company owned by a relative of one of the directors.

During the nine months ended February 28, 2017, product development fees and office expenses totaling \$177,571 (February 29, 2016 - \$107,548) were included in expenses to relatives of one of the directors.

13. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of \$19,367,218 at February 28, 2017 (May 31, 2016 – \$17,525,967). The Company's principal source of capital is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital funding to be able to meet the Company's educational software development, internet training development and film production to ensure the growth of activities.

14. LINE OF CREDIT

As at February 28, 2017, the Company has a line of credit of \$5,000 bearing interest at the bank's prime rate plus five percent. The line of credit is guaranteed by the assets of the Company. There was no outstanding balance as of February 28, 2017, and May 31, 2016.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	February 28, 2017	May 31, 2016
	\$	\$
FVTPL (i)	1,407	29,328
Loans and receivables (ii)	56,724	19,151
Other financial liabilities (iii)	(126,655)	(244,386)

(i) Cash and cash equivalents

(ii) Accounts receivable

(iii) Accounts payable, amounts due to related parties and promissory notes payable

QUIZAM MEDIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level	February 28, 2017 \$	May 31, 2016 \$
Cash and cash equivalents	1	1,407	29,328

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at February 28, 2017:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	\$ 56,724	–	–	–	56,724

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 13. The Company has a working capital deficit and requires additional financing to fund operations.

QUIZAM MEDIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.K., and a portion is in the U.S. (movie sales), the Company's foreign exchange risk arises with respect to the U.K. pound sterling and U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 5% of the Company's revenues are denominated in the U.K. pound sterling (2016 – 5%), and 2% in U.S. dollars (2016 – 0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. In management's opinion, the Company is not exposed to significant foreign exchange rate risk.

Interest Rate Risk

In management's opinion, the Company is not exposed to significant interest rate risk.

16. COMMITMENT

The Company has signed a rental agreement effective until June 29, 2017, and has committed to rental payments for the next two years as follows:

	\$
May 31, 2017	35,515
May 31, 2018	11,839
<hr/>	
Total	47,354
<hr/>	

17. SUBSEQUENT EVENT

Subsequent to February 28, 2017, a total of 165,067 warrants exercisable at \$1.20 per share expired unexercised.

Form 51-102F2

Management's Discussion & Analysis (MD & A)

Forward-Looking Information

This MD&A contains "forward-looking information" that is based on management's expectations, estimates and projections as of the date of this MD&A. Forward looking information in this MD&A can frequently be identified as incorporating such words as "plans", "becomes", "expects", "estimates", "forecasts", "intends", "anticipates", "believes", "may", "could", "would", "might" or "will". This forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by the forward looking information in this MD&A. Actual results may vary materially from the forward looking information contained in this MD&A.

The forward-looking information contained in this MD&A is based on the information available as of the date of this MD&A and we have no intention of updating them except as required by applicable securities law. Numerous events and circumstances could occur subsequent to the date of this MD&A that could cause the actual results, performance or achievements that may be expressed or implied by the forward-looking information.

Forward-looking statements are included in sections 1.2, 1.4, 1.5, 1.6, and 1.11. Examples of such forward looking information included in this MD&A include, but are not limited to, trends in the marketplace favoring both Quizam's products; the demand for Corporate Computer training being fueled by the increased reliance on computers in the workplace; growing use of the internet helping to improve the awareness and consequent demand for the Quizam product; demand for Quizam's products increasing; the large global increase in the use of cell phones and internet, together with an increased appreciation for education and training giving the company excellent strategic positioning; all future global License sales will be in Canadian dollars; there can be no assurance that the company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable; the company will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings; broadening of On-TrackTV; increasing our On-TrackTV sales team; significant parental/family demand for study tools; inventory increasing in value; anticipating receiving deferred purchases; management anticipates more Country Licenses coming on board and increased website visits in the coming quarters. In addition, Quizam Media has opened up a "Movie" division. We are producing our own feature length movies.

All of the above forward looking statements are subject to significant risks and uncertainties. Certain material risk factors, that could cause actual results to differ materially from the forward-looking information contained in this MD&A include, but is not limited to, changes in the actions of competitors; fluctuations of exchange rates; the trading level of the company's stock; the continued availability of financing on appropriate terms for future projects; the continued increase

of commercial run rates; a decline in market liquidity, and the volatility of global markets. Events and circumstances that occurred during the period ended February 28, 2017, which are reasonably likely to cause actual results to differ materially are the volatility of the global economy and increased competition which could prevent the company from improving its cash position, improving profitability, increasing Country Licenses or completing necessary financings; decreased usage of the internet, cell phones, and PDA's which could decrease demand for Academic Quizzing software and Quizam's products; the inability to hire appropriate staff and the results of product development activities could prevent further revisions to the software and the development of new products. Changes in the Entertainment industry could also affect results. Currently the movie business is going through major changes as the Internet and On-Demand usage increases.

The current economy increases the uncertainty of forward looking statements and information included in the MD&A.

1.1 Date of Information

May 1st, 2017

1.2 Overall Performance

We are pleased with development of On-Track TV as it has received a great deal of attention in Canada, the United Kingdom. More recently, we have entered in discussions with groups from India and China with regards to our learning platform and library. On-Track TV distributes on-line information technology learning over the internet. The business model is based on self-service through a website with residual subscriptions. People are going to the On-Track TV site and using the training. Our continued increase in On-Track TV Web-Hits supports this.

We continue to enhance On-Track TV. Our two main areas of On-Track TV development include the LMS (learning management system) and content. More recently we have invested much time and effort to ensure our content is of the highest quality. As software companies continue to release new versions we continue to develop On-Track TV content for these new versions.

Though the Canadian economy is strong much of the current global economy is unstable and uncertain. Many other countries such as Greece, France and the United States of America are less stable. The company competes in the global marketplace and the instability of the global economy creates a more challenging environment for the company. The continued devalued Canadian Dollar is helping to make our product more competitive globally.

The page hits and Video view/downloads from the On-Track TV website continues to increase quarter by quarter. It appears that trends in the marketplace are favoring Quizam's

On-Track TV product. The demand for corporate computer training is being fueled by the increased reliance on computers in the workplace coupled with the continued releases of new products from software producers like Microsoft.

Our usage and page hits worldwide for the each of the last eight quarters are as follows

Fiscal quarter ended:	Page Hits	Video Downloads
February 28, 2017	238,103	187,533
November 30, 2016	189,601	150,400
August 31, 2016	158,470	122,518
May 31, 2016	151,016	121,487
February 29, 2016	117,211	89,095
November 30, 2015	114,724	91,777
August 31, 2015	71,532	48,979
May 31, 2015	119,356	86,034

We continue to transition from face to face training to online training. Our online division is growing faster than the face to face training division and the ontracktv.com website is growing much faster than the On-Track face to face training website.

Quizam has altered its “Exclusivity” agreement with Central Media in the UK. The agreement is now non-exclusive and permits Quizam to work with other partners in the UK for the sale and distribution of ontrackTV.com into the UK market under the name ontrackTV.co.uk. The ontrackTV.co.uk library of online learning videos is sold via annual subscriptions to those seeking to learn about common software packages, Human Resource (HR) training, and Management Leadership Training.

On-TrackTV continues to diversify its offering to include far more than just software training.

Our UK partner is continuing to forge new clients for us in the UK market. Sales have been down this year in Europe, but we are currently working on some significant deals that are taking longer than expected. Management feels European sales will increase this year.

In March 2010 we established a new partner in the Middle East. We are looking forward to some success with this new territory as well. We are continuing to do presentations, but to date the results have been disappointing.

Until now On-TrackTV has focused on information technology computer training, however, due to client demands and custom training requests we are now expanding the curriculum to include soft skill training for corporations. We have added new soft skill courses such as Conflict Resolution in the Workplace, Brain Storming and Increasing Workplace Assertiveness. We have also added 500 new on-line courses in trades including apprentice programs for plumbing, electrical, pipe fitting and carpentry.

In addition to the training services described above, our global strategy with On-TrackTV has been to place our tags on partner’s websites; however, revenue from this source has been minimal so far.

The Company has two teams familiar with both markets working in Canada and the United Kingdom. Increased demand for On-TrackTV has resulted in reassigning some of the Quizam Software team and as a result, Quizam Software development and sales efforts have become secondary to On-TrackTV. However, we are still working to develop a free shared online Quizam community. More recently we have developed some Quizzing tools for National Companies to test their employees. We see this market as having large and complimentary potential to On-Track TV.

We are also adding administrative components to On-TrackTV which will broaden our corporate appeal. We are looking at broadening On-TrackTV to include other broadcasts such as CEO messages, compliance issues, and other customized corporate communication requirements for clients. We plan to increase our On-TrackTV corporate sales team and to sell the product to Fortune 500 companies.

Management feels that the growing use of the internet will help to improve the awareness and consequently demand for the Quizam product.

Management sees the demand for Quizam's products increasing. The global increased use of cell phones and internet, together with an increased appreciation for education and training will give the company excellent strategic positioning. We are currently developing products for handheld devices such as iPhones and Android phones.

The Company is continuing to add quizzes to its internet library. Many of the topics are classic and timeless. As this library continues to grow it becomes a valuable asset to the Company. The Company is exploring ways of accelerating the growth of this library either through corporate purchases of content or perhaps a "community" sharing model where quizzes can be added by global users. In either case management sees this inventory increasing in value as time goes on.

The Company has the equipment and experience in producing non-fiction learning vignettes. Management decided to expand its content to include some "Fiction" based filming such as Movies for Entertainment. In October, 2014, the Company announced the opening of a new Entertainment Division. The Company will be a producer/aggregator of family entertainment. In October, 2014 the Company also announced the appointment of Lewis Schoenburn, Jacquie Wechselberger and Uwe Boll as members of the Company's Advisory Board.

In January 2015 the Company signed a deal with Event Film for film distribution and management believes that overall performance is improving. The Company is working toward producing content both for education and for entertainment. Thus far Event Film has introduced our films to new markets and we are making sales.

In February 2015, the Company signed a deal with Extreme Video in Italy to produce a horror thriller movie entitled "The Blind King". The movie was completed in February 2016 and has made some modest sales. We have earned some revenues as seen in the income statement. We expect sales and royalties to continue for this film.

In March 2015, the Company signed a deal with Clarius Entertainment in Los Angeles whereby the Company will guarantee loans of up to US\$6.25Million to assist with theatrical

releases in the North American market. In May 2015 both parties agreed to have the deal expire and work on new improved deal whereby Quizam could have equity position (see below). We signed the new improved deal in October 2015 whereby for shares and warrants we acquired a 10% non-dilutive share of Aviron Pictures and a US\$1million promissory note payable to Quizam Media (see below).

In May 2015, the Company through Event Film entered into a licensing agreement with Koch Media whereby Koch will purchase 4 feature films from Event Film for the Italian speaking European market. The films are titled “Gifted”, “Gifted 2”, “Primal Shift” and “The Blind King”. Koch is to pay US\$20,000 for “The Blind King” owned by the Company (received) and US\$15,000 for the other three movies distributed by Quizam Media as an agent for a 15% distribution commission, plus 50% of all gross receipts from the exploitation of the film. A 20% commission is to be paid by Quizam Media to Event Film (waived for “The Blind King”).

In June 2015, the Company entered into a letter of intent to acquire a 10% non-dilutable equity interest in William Sadleir’s new motion picture distribution company, Aviron Group, LLC, (“Aviron”) headquartered in Beverly Hills, California.

The Company subsequently entered into a Share Exchange Agreement which closed on November 5, 2015 (the “Agreement”). Under the terms of the Agreement, the Company issued 1,000,000 common shares and 12,250,000 share purchase warrants to acquire 1,000 Class A units of Aviron, representing a 10% non-dilutable equity interest. Each warrant entitles the holder to acquire one common share at a price of \$0.08 for a period of 60 months following closing. Aviron granted the Company a Net Earnings Participation interest consisting of (i) US\$50,000 per year for five years, paid quarterly (US\$24,500 received in fiscal 2016) (ii) the issuance of a non-interest bearing promissory note of US\$1,000,000 due and payable on or before October 30, 2020 (iii) 10% of Aviron’s net annual revenues (no payments were received as of May 31, 2016 and this clause is under dispute) (iv) and 10% of all proceeds or value received at the time of a liquidity event, including a public or private sale of Aviron, or winding up of the company. In January 2017 after determining that Aviron was not performing as expected Quizam terminated its relationship with Aviron. All terms of the transaction were reversed and Aviron paid a \$66,000 fee to Quizam. The Company plans to continue to focus on growth and profitability. The main strategies in the process include:

- a) Strict focus on increasing gross sales in each month compared to the same month in previous year;
- b) Increase of pricing in all areas;
- c) Huge expansion of course offerings beyond IT and computer training. Some of the new course offerings include customer service, conflict resolution, minute note-taking, and project management;
- d) Special marketing team devoted to gaining Fortune 500 companies as clients for On-Track TV;

- e) Continue to develop On-Track TV markets in the UK, North America, and Bahrain (Middle East);
- f) Add quizzing component to On-Track TV where users are quizzed after viewing content;
- g) Offering web development services under the name On-Track Web Development. This enables us to leverage our in house team and increase revenue;
- h) Continue to enhance the LMS (learning management system) of the On-Track TV website;
- i) Further development of the UK market;
- j) Full scale animation and film productions in the areas of non-fiction and education;
- k) Production of 3 – 4 Independent films per year;
- l) Develop and offer courses in common accounting software such as Simply Accounting, Quick Books and Caseware. This would be for both Face to Face and OntrackTV.

1.3 Selected Annual Information

	Year-Ended May 31, 2016 \$	Year-Ended May 31, 2015 \$	Year-Ended May 31, 2014 \$
a) Total revenue	549,899	549,541	671,955
b) Net loss before other items	(1,457,875)	(988,539)	(1,095,262)
c) Net loss	(2,737,337)	(988,099)	(1,090,493)
c) Net loss (per share)	(0.50)	(0.30)	(0.70)
d) Total assets	151,604	166,338	91,605
e) Long-term liabilities	0	0	0
f) Cash dividends	0	0	0

1.4 Discussion of Operations

Revenue for the nine months ended February 28, 2017, remained consistent at \$382,844 compared to \$362,222 during the nine months ended February 29, 2016. Loss before other items increased to \$1,769,496 (February 29, 2016 - \$1,109,805) during the nine months ended February 28, 2017. Operating expenses increased from \$1,472,027 during the nine months ended February 29, 2016, to \$2,152,340 during the nine months ended February 28, 2017. The increase of \$680,313 was mainly as a result of an aggressive increase in Vignette Production to increase the learning library, an increase in accounting and legal fees, office and miscellaneous, On-Track TV development costs, research and development, share-based compensation, and subcontractors. This also resulted in an increase in net loss of \$607,235.

The significant changes were as follows:

- Accounting and legal costs increased to \$358,375 for the nine months ended February 28, 2017 (February 29, 2016 - \$225,300). The increase is mainly as a result of increased work related to the agreements entered into during the quarter.
- Office and miscellaneous costs increased to \$114,305 for the nine months ended February 28, 2017 (February 29, 2016 - \$45,216). The increase is mainly as a result of increased production of in house manuals and more computer accessory gear.
- On-Track TV development costs increased to \$229,420 for the nine months ended February 28, 2017 (February 29, 2016 – \$64,060). The increase is a result of significant development in Quizam’s new Quizing software for employee testing.
- Research and development costs increased to \$222,051 for the nine months ended as a result of significant developments in the mobile AP for both Quizam and OntrackTv.
- Share-based compensation costs increased to \$176,924 for the nine months ended February 28, 2017 (February 29, 2016 – \$93,185). The increase is a result of the granting of 185,000 stock options exercisable at \$0.50 per share in June 2016, and 405,000 stock options exercisable at \$0.50 per share in November 2016. The weighted average grant date fair value of stock options granted during the nine months ended February 28, 2017, was \$0.08 per option.
- Subcontractors costs increased to \$196,749 for the nine months ended February 28, 2017 (February 29, 2016 - \$34,431). The increase is mainly as a result of the increased use of contractors rather than full time employees.

Our training division continues to improve its performance and management feels we are gaining more market share every quarter. We are blending out On-TrackTV with our face to face offerings to attract more large clients.

1.5 Summary of Quarterly Results

The effect of applying the treasury stock method to the Company's loss per share calculation is antidilutive. Therefore, basic and diluted losses per share are equal for the periods presented.

The quarterly periods in the table below are presented under International Financial Reporting Standards in Canadian dollars.

Description	February 28, 2017	November 30, 2016	August 31, 2016	May 31, 2016	February 28, 2016	November 30, 2015	August 31, 2015	May 31, 2015
Total Revenue	\$132,116	\$134,108	\$116,620	\$187,677	\$125,884	\$121,050	\$115,228	\$112,748
Income or (loss) before other items	\$(444,331)	\$(783,414)	\$(541,751)	\$(348,010)	\$(415,799)	\$(436,261)	\$(257,805)	\$(247,140)
Net Income or (loss) for the period	\$(377,969)	\$(783,443)	\$(545,400)	\$(1,637,700)	\$(410,395)	\$(431,866)	\$(257,376)	\$(247,054)
Net income (Loss) before other items per share basic and diluted	\$(0.03)	\$(0.08)	\$(0.07)	\$(0.30)	\$(0.10)	\$(0.10)	\$(0.05)	\$(0.10)
Income (Loss) per share basic and diluted	\$(0.03)	\$(0.08)	\$(0.07)	\$(0.30)	\$(0.10)	\$(0.10)	\$(0.05)	\$(0.10)

Revenue increased during three months ended August 31, 2015. Net loss increased during the first quarter ended August 31, 2015 as a result of increased operating expenses.

Revenue increased during three months ended November 30, 2015. Net loss increased during the second quarter ended November 30, 2015 as a result of decreased revenue and increased operating expenses.

Revenue and net loss during three months ended February 29, 2016, was consistent with the previous quarter.

Revenue increased during the three months ended May 31, 2016. Net loss increased during the fourth quarter ended May 31, 2016, largely due to the impairment losses of investment in Aviron and the promissory note and receivable from Aviron.

Revenue decreased during three months ended August 31, 2016. Net loss decreased during the first quarter ended August 31, 2016, as a result of the impairment losses recognized during the three months ended May 31, 2016.

Revenue increased during three months ended November 30, 2016. Net loss increased during the second quarter ended November 30, 2016, as a result of the share-based compensation and an increase in professional fees, share-based compensation and travel and business development.

Revenue remained consistent during three months ended February 28, 2017. Net loss decreased during the third quarter ended February 28, 2017, as a result of a decrease accounting and legal costs, share-based compensation and travel and business development.

1.6 Liquidity

The Company's liquidity has increased at February 28, 2017 since May 31, 2016.

	February 28, 2017	May 31, 2016
Cash and cash equivalents	\$1,407	\$29,328
Accounts receivable & prepaid expenses	\$66,962	\$48,343
Accounts payable and accrued liabilities	\$69,986	\$136,704
Due to related parties	\$18,321	\$ -
Promissory notes payable	\$ -	\$123,442

As at February 28, 2017, the Company had cash and cash equivalents of \$1,407 and a working capital deficiency of \$50,956 compared to cash and cash equivalents of \$29,328 and a working capital deficiency of \$195,365 as May 31, 2016. The Company's increase in working capital is attributable to funds raised through the issuance of common shares used to reduce liabilities.

During the nine months ended February 28, 2017, the Company used \$1,679,420 of cash for operating activities compared to \$1,311,913 in the comparative period. The Company incurred \$9,178 (February 29, 2016 - \$3,675) in acquisition of equipment during the period ended February 28, 2017. The Company has financed its operations for the last two years mainly through the issuance of share capital. The Company has raised \$1,664,327 (February 29, 2016 - \$1,372,184) through subscription of share capital during the period ended February 28, 2017. The Company has incurred losses as it continues to develop its software products. The Company continues to be dependent on its cash reserves and future financings.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay or scale back its software development and marketing. Any equity offerings will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Currently the Company has insufficient funds to meet its requirements for the coming year. It will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings.

1.7 Capital Resources

The Company's capital currently consists of common shares, options and warrants. The Company's principal source of funds is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's educational software development, internet training development and film production to ensure the growth of activities.

The Company is committed to an office lease through June 2017. As at February 28, 2017, the minimum lease payments over the remaining lease term were as follows: 2017 - \$35,515; 2018 - \$11,839.

1.8 Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

1.9 Transactions Between Related Parties

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	February 28, 2017	February 28, 2016
Management fees	\$ 118,400	\$ 108,040
	\$ 118,400	\$ 108,040

For the nine month periods ended February 28, 2017, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At February 28, 2017, \$18,321 (May 31, 2016 – \$nil) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative.

Wages and fees, accounting, investor and finance development, product development, moving, office and other miscellaneous expenses are provided by a company owned by a significant shareholder who is also a director and officer. An amount of \$475,055 (February 29, 2016 - \$325,852) was included in expenses for these services during the nine months ended February 28, 2017.

During the nine months ended February 28, 2017, wages and fees, marketing and publicity, investor and finance development, product development fees, and moving expenses totaling \$451,130 (February 29, 2016 - \$254,162) were included in expenses to a company owned by a relative of one of the directors.

During the nine months ended February 28, 2017, product development fees and office expenses totaling \$177,571 (February 29, 2016 - \$107,548) were included in expenses to relatives of one of the directors.

1.11 Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant areas requiring the use of management estimates relate to estimation of an allowance for doubtful accounts, the measurement of share-based compensation, expected lives of long-lived assets, and the recognition of deferred income tax assets. Actual results could differ from those estimates. Significant judgements are applied by management to determine whether sales have met the Company's revenue recognition criteria, whether investments in film production are recoverable, and to assess the probability of realizing deferring income tax assets based on the likelihood of generating taxable income in the future. Different judgement could yield different results.

1.12 Changes in Accounting Policies including Initial Adoption

Future Accounting Changes:

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the Company's accounting periods beginning after June 1, 2017, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These annual improvements made necessary but non-urgent amendments to existing IFRSs.

IAS 7 Statement of Cash Flows

The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 7 Financial Instruments: Disclosure

IFRS 7 was amended to required additional disclosures on transition from IAS 39 to IFRS 9. The amendment is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 Share-Based Payment

In June 2016 the Board issued the final amendments to IFRS 2 Share-Based Payment as follows:

- (a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;
- (b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;
- (c) Classification of share-based payment transactions with net settlement features.

The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

1.13 Financial Instruments and Other Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable, and due to related parties. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments.

At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has no assets classified as FVTPL at February 28, 2017. The Company has classified accounts receivable as loans and receivables. The Company has not classified any financial assets held to maturity or available for sale.

b) Financial liabilities

The Company has recognized its accounts payable, due to related parties and promissory notes payable as other financial liabilities. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The following table summarizes information regarding the carrying values of the Company’s financial instruments:

	February 28, 2017	May 31, 2016
	\$	\$
FVTPL (i)	1,407	29,328
Loans and receivables (ii)	56,724	19,151
Other financial liabilities (iii)	(126,655)	(244,386)

(i) Cash and cash equivalents

(ii) Accounts receivable

(iii) Accounts payable, amounts due to related parties and promissory notes payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level	February 28, 2017	May 31, 2016
		\$	\$
Cash and cash equivalents	1	1,407	29,328

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of accounts receivable. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at February 28, 2017:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts Receivable	\$ 56,724	-	-	-	56,724

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 13 to the consolidated financial statements. The Company has a working capital deficit and requires additional financing to fund operations.

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.K., and a portion is in the U.S. (movie sales), the Company's foreign exchange risk arises with respect to the U.K. pound sterling and U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 5% of the Company's revenues are denominated in the U.K. pound sterling (2016 – 5%), and 2% in U.S. dollars (2016 – 0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. In management's opinion the Company is not exposed to significant foreign exchange rate risk.

Interest Rate Risk

In management's opinion the Company is not exposed to significant interest rate risk.

1.14 Additional Information

Additional information about the Company is available on SEDAR (Website: www.sedar.com)

Outstanding Share Data

The following table summarizes the issued and outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable	Number of shares outstanding
Common shares	14,030,611	13,930,611
Stock options	480,000	480,000
Warrants	5,947,990	5,947,990

1.15 Subsequent Events

Subsequent to February 28, 2017, a total of 165,067 warrants exercisable at \$1.20 per share expired unexercised.