



QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
FEBRUARY 28, 2019 AND 2018
(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, 2019 \$	As at May 31, 2018 \$
ASSETS		
Current		
Cash and cash equivalents	423,663	76,253
Accounts receivable	155,073	13,660
Prepaid expenses and deposits	27,415	31,604
Sales taxes recoverable	1,258	13,518
Total current assets	607,409	135,035
Property and equipment (Note 3)	83,952	98,728
Total assets	691,361	233,763
LIABILITIES		
Current		
Accounts payable and accrued liabilities	87,829	89,962
Deferred lease inducement	26,751	25,079
Deferred revenue	150,014	24,701
Due to related parties (Note 9)	9	242,535
	264,603	382,277
Deferred lease inducement	10,578	13,751
Total liabilities	275,181	396,028
EQUITY (DEFICIENCY)		
Share capital (Note 4)	20,115,171	18,138,016
Subscriptions received (receivable)	–	(105,800)
Contributed surplus	2,717,087	2,439,630
Deficit	(22,416,078)	(20,634,111)
Total equity (deficiency)	416,180	(162,265)
Total liabilities and equity (deficiency)	691,361	233,763

Nature and continuance of operations (Note 1)

Commitments (Note 13)

APPROVED ON BEHALF OF THE BOARD ON **APRIL 29, 2019**

/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, 2019	Three Months Ending February 28, 2018	Nine Months Ending February 28, 2019	Nine Months Ending February 28, 2018
			\$	\$
REVENUES				
Training services and software sales	115,029	125,427	560,079	442,802
Licensing fees	–	–	–	–
	<u>115,029</u>	<u>125,427</u>	<u>560,079</u>	<u>442,802</u>
EXPENSES				
Accounting and legal (Note 9)	57,603	35,760	140,899	130,727
Automobile	8,402	5,709	22,014	13,482
Bank charges and finance fees	4,697	6,449	20,472	17,944
Depreciation	8,328	6,641	24,226	16,244
Investor and finance development (Note 9)	31,181	25,056	99,890	71,829
Management fees (Note 9)	36,000	36,000	108,000	108,000
Office and miscellaneous (Note 9)	46,714	29,933	124,885	79,439
On-Track TV development costs (Note 8 and 9)	106,156	29,650	272,770	92,050
Regulatory fees	9,637	6,907	17,910	11,051
Rent	87,195	51,339	182,376	109,924
Research and development (Note 9)	191,505	52,200	377,290	133,775
Software development costs (Note 9)	–	3,500	–	6,000
Share-based compensation (Note 5)	–	67,018	277,457	67,018
Subcontractors (Note 9)	23,117	33,170	102,309	96,016
Telephone and internet	6,776	8,530	17,664	25,564
Travel and business development (Note 9)	142,411	89,606	363,224	200,858
Wages and benefits (Note 9)	70,724	56,449	191,110	149,865
	<u>830,446</u>	<u>543,917</u>	<u>2,342,496</u>	<u>1,329,786</u>
LOSS BEFORE OTHER ITEMS	(715,417)	(418,490)	(1,782,417)	(886,984)
OTHER ITEMS				
Interest income	180	2	450	11
NET LOSS AND COMPREHENSIVE LOSS	<u>(715,237)</u>	<u>(418,488)</u>	<u>(1,781,967)</u>	<u>(886,973)</u>
LOSS PER SHARE BASIC AND DILUTED	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.06)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>49,717,272</u>	<u>18,307,018</u>	<u>39,929,000</u>	<u>15,573,410</u>

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, 2019 \$	Nine Months Ending February 28, 2018 \$
OPERATING ACTIVITIES		
Net loss	(1,781,967)	(886,973)
Add back non-cash items:		
Depreciation	24,226	16,244
Share-based compensation	277,457	67,018
	(1,480,284)	(803,711)
Changes in non-cash working capital items:		
Accounts receivable	(141,413)	(62,480)
Prepaid expenses and deposits	4,189	2,113
Taxes recoverable	12,260	26,665
Accounts payable and accrued liabilities	(2,132)	(18,547)
Deferred lease inducement	(1,501)	–
Due to related parties	(242,526)	(169,457)
Deferred revenue	125,313	(1,322)
CASH USED IN OPERATING ACTIVITIES	(1,726,094)	(1,026,739)
FINANCING ACTIVITIES		
Bank indebtedness	–	308
Issuance of common shares, net	2,082,955	770,870
CASH PROVIDED BY FINANCING ACTIVITIES	2,082,955	771,178
INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,451)	(69,350)
CASH USED IN INVESTING ACTIVITIES	(9,451)	(69,350)
DECREASE IN CASH AND CASH EQUIVALENTS	347,410	(324,911)
CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	76,253	324,911
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	423,663	–
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–
NON-CASH FINANCING ACTIVITIES		
Issuance of shares for finders' fees	–	21,025

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, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount \$	Contributed Surplus \$	Share Subscriptions Receivable \$	Deficit \$	Total \$
As at May 31, 2017	13,930,611	16,947,446	2,359,322	–	(19,506,476)	(199,708)
Units issued for cash	6,600,000	456,000	–	–	–	456,000
Issued as finders' fees	342,166	21,205	–	–	–	21,205
Share issuance costs	–	(26,335)	–	–	–	(26,335)
Warrants exercised	1,066,667	320,000	–	–	–	320,000
Share-based compensation	–	–	67,018	–	–	67,018
Net loss for the period	–	–	–	–	(886,973)	(886,973)
As at February 28, 2018	21,939,444	17,718,316	2,426,340	–	(20,393,449)	(248,793)
As at May 31, 2018	30,937,044	18,138,016	2,439,630	(105,800)	(20,634,111)	(162,265)
Units issued for cash	23,135,080	1,872,155	–	105,800	–	1,977,955
Warrants exercised	700,000	105,000	–	–	–	105,000
Share-based compensation	–	–	277,457	–	–	277,457
Net loss for the period	–	–	–	–	(1,781,967)	(1,781,967)
As at February 28, 2019	54,772,124	20,115,171	2,717,087	–	(22,416,078)	416,180

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, 2019 AND 2018

(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. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “QQ” (moved from the TSX Venture Exchange (“TSX-V”) effective July 12, 2018). The Company’s principal business activities consist of providing computer training and consulting services, marketing of a computer based educational program and film production. During the period, the Company also entered the retail cannabis market. The address of the Company’s corporate office and its principal place of business is Suite 650 – 609 Granville Street, Vancouver, BC, V7Y 1G6.

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 Quantum 1 Cannabis Corp. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company 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 adopted

IFRS 9, Financial Instruments (“IFRS 9”)

The Company has adopted new accounting standard IFRS 9, *Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company’s existing financial instruments on transition date. IFRS 9 was issued by the IASB in July 2014 and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The following summarizes the significant changes in IFRS 9 compared to the current standard:

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New accounting standards adopted (continued)

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, does not have an impact on the carrying amounts of financial assets.

The adoption of IFRS 9 on the Company's financial statements did not have a material impact.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted new accounting standard IFRS 15, *Revenue from Contracts with Customers*, effective for annual periods beginning on or after January 1, 2018 using the retrospective method of adoption. In May 2014, the IASB issued 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 Company principally generates the following revenue sources: Training revenue, On-Track TV revenue, Software revenue, License Fee revenue, and Movie Distribution License revenue. The Company has reviewed its sources of revenue using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from these sources as compared to the previous standards.

The adoption of IFRS 15 on the Company's financial statements did not have a material impact.

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 adoption of IFRS 2 on the Company's financial statements did not have a material impact.

c) 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, 2019, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The following accounting standards and amendments are effective for the Company's fiscal year beginning on June 1, 2019:

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company has not yet determined the full impact of IFRS 16 on its consolidated financial statements. The Company believes that the most significant impact will be the recognition of a right-of-use asset and a corresponding lease liability on the statement of financial position for certain facilities currently treated as operating leases.

3. PROPERTY AND EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Total
As at May 31, 2018	\$ 415,836	\$ 93,780	\$ 89,537	\$ 4,755	\$ 603,907
Additions	2,407	7,043	–	–	9,450
As at February 28, 2019	\$ 418,243	\$ 100,823	\$ 89,537	\$ 4,755	\$ 613,357

Accumulated Depreciation

As at May 31, 2018	\$ 385,747	\$ 80,166	\$ 34,512	\$ 4,755	\$ 505,179
Depreciation	11,220	3,268	9,738	–	24,226
As at February 28, 2019	\$ 396,967	\$ 83,434	\$ 44,250	\$ 4,755	\$ 529,405

Carrying Amounts

Balance, May 31, 2018	\$ 30,089	\$ 13,614	\$ 55,025	\$ –	\$ 98,728
Balance, February 28, 2019	\$ 21,276	\$ 17,389	\$ 45,287	\$ –	\$ 83,952

4. 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 interim consolidated statements of changes in equity (deficiency).

Transaction during the nine months ended February 28, 2019:

On August 21, 2018, the Company issued 4,200,000 units at a price of \$0.06 per unit for proceeds of \$252,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.10 per share. The Company's CEO subscribed for 400,000 units.

On October 22, 2018, the Company issued 4,375,000 units at a price of \$0.08 per unit for proceeds of \$350,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.20 per share. The Company's CEO subscribed for 400,000 units.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

4. SHARE CAPITAL (continued)

On November 1, 2018, the Company issued 4,150,000 units at a price of \$0.08 per unit for proceeds of \$332,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.20 per share. The Company's CEO subscribed for 200,000 units.

On November 19, 2018, the Company issued 4,500,000 units at a price of \$0.10 per unit for proceeds of \$450,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.18 per share.

On December 4, 2018, the Company issued 1,000,000 units at a price of \$0.12 per unit for proceeds of \$120,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.20 per share. The Company's CEO subscribed for 183,333 units.

On February 21, 2019, the Company issued 4,910,080 units at a price of \$0.075 per unit for proceeds of \$368,256. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of \$0.15 per share. The Company incurred share issuance costs of \$101. The Company's CEO subscribed for 266,680 units.

During the nine months ended February 28, 2019, the Company issued 700,000 shares upon the exercise of warrants at \$0.15 per share for gross proceeds of \$105,000.

Transactions during the nine months ended February 28, 2018:

On November 3, 2017, the Company closed a non-brokered private placement of 2,000,000 units at \$0.09 per unit for gross proceeds of \$180,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.30 per share for the first 12 months and at \$0.50 per share for an additional 12 months. In connection with the private placement, the Company issued 22,500 shares as finders' fees with a fair value of \$2,025. The Company also incurred other share issuance costs of \$1,727.

On February 2, 2018, the Company closed a non-brokered private placement of 4,600,000 units at \$0.06 per unit for gross proceeds of \$276,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.15 per share for the first 12 months and at \$0.25 per share for an additional 24 months. In connection with the private placement, the Company issued 319,666 shares as finders' fees with a fair value of \$19,180. The Company also incurred other share issuance costs of \$3,403.

During the nine months ended February 28, 2018, the Company issued 1,066,667 shares upon the exercise of warrants at \$0.30 per share for gross proceeds of \$320,000.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. STOCK OPTIONS

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

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2018	1,505,000	\$ 0.23
Granted	1,930,000	0.28
Expired/Cancelled	(200,000)	0.46
Outstanding, February 28, 2019	3,235,000	\$ 0.24

All of the options outstanding at February 28, 2019, were fully vested.

The weighted average remaining contractual life of the stock options outstanding as at February 28, 2019 was 1.98 years (May 31, 2018 – 1.47 years).

6. 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, 2018	15,580,000	\$ 0.14
Expired	(480,000)	0.50
Exercised	(700,000)	0.15
Issued	23,135,080	0.17
Balance, February 28, 2019	37,535,080	\$ 0.17

At February 28, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,000,000	\$0.50	November 3, 2019
3,900,000	\$0.25	February 2, 2021
8,500,000	\$0.08*	May 29, 2021
4,200,000	\$0.10	August 21, 2021
4,375,000	\$0.20	October 22, 2021
4,150,000	\$0.20	November 5, 2021
4,500,000	\$0.18	November 21, 2021
1,000,000	\$0.20	December 06, 2021
4,910,000	\$0.15	February 26, 2022
37,535,080		

* Exercise price increases to \$0.10 per share on December 1, 2019

The weighted average remaining contractual life of the warrants outstanding as at February 28, 2019, was 2.42 years (May 31, 2018 – 2.61 years).

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

7. 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, 2019 and 2018, respectively:

	2019	2018
	\$	\$
Revenue	360,938	442,802
Expenses	(909,929)	(713,197)
Profit (loss)	(548,991)	(340,395)

- (b) Software and Licensing sales and expenses for the nine months ended February 28, 2019 and 2018, respectively:

	2019	2018
	\$	\$
Revenue	199,140	–
Expenses	(272,770)	(98,050)
Profit (loss)	(73,630)	(98,050)

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:

	2019	2018
	\$	\$
Canada	360,938	439,902
USA	199,140	–
Europe	–	2,900
	560,078	442,802

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

8. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During fiscal 2019 and 2018, 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, 2019 and 2018, are as follows:

	2019	2018
	\$	\$
Salary, wages and fees	84,317	89,725
Production costs	188,453	80,350
	<u>272,770</u>	<u>170,075</u>

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the interim consolidated statement of operations, and comprehensive loss for the nine months ended February 28, 2019 and 2018, are as follows:

	2019	2018
	\$	\$
Salary, wages and fees (management, programming and marketing)	175,280	61,750

9. 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 and fees related to them were recorded at their exchange amounts as agreed upon by transacting parties. Expenses incurred for key management compensation are summarized as follows:

	2019	2018
	\$	\$
Management fees	108,000	108,000

For the nine months ended February 28, 2019 and 2018, 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, 2019, \$9 (May 31, 2018 – \$242,535) 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, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions

During the nine months ended February 28, 2019, an amount of \$1,106,626 (2018 - \$587,362) was included in expenses for services provided by companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder. The breakdown of expenses included in the interim consolidated statement of operations and comprehensive loss is as follows:

	2019 \$	2018 \$
Accounting and legal	96,700	86,950
Investor and finance development	83,544	57,950
Management fees	108,000	108,000
Office and miscellaneous	47,279	56,661
On-Track TV development costs	168,403	81,250
Research and development	377,290	133,175
Software development costs	21,150	2,500
Travel and business development	149,300	32,250
Wages and benefits	54,960	28,026
	1,106,626	587,362

10. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of \$22,832,258 at February 28, 2019 (May 31, 2018 – \$20,471,846). 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.

11. LINE OF CREDIT

As at February 28, 2019, 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, 2019, and 2018.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, bank indebtedness, 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, 2019 \$	May 31, 2018 \$
FVTPL (i)	423,663	76,253
Loans and receivables (ii)	155,073	13,660
Other financial liabilities (iii)	(237,852)	(357,198)

(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, 2019 \$	May 31, 2018 \$
Cash and cash equivalents	1	423,663	76,253

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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2019:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	\$ 155,073	–	–	–	155,073

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 10. 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 0% of the Company's revenues are denominated in the U.K. pound sterling (2018 – 1%), and 36% in U.S. dollars (2018 – 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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

13. COMMITMENTS

The Company has committed to pay rent, taxes and operating costs under various rental agreements until March 2024. Minimum lease payments are as follows:

2019	\$ 93,485
2020	400,082
2021	405,236
2022	415,353
2023 and onwards	500,550
Total	\$ 1,814,706

The Company entered into a Memorandum of Understanding (“MOU”) with Weeds Glass and Gifts (“WeedsG&G”) to open Cannabis Dispensaries in Canada and other countries when and where it becomes legal. WeedsG&G currently operates 15 Cannabis Retail Platforms across Canada. Key terms of the MOU include, but are not limited to: exclusive use of the trademarked names “Weeds” and “Mary Jane”; the goodwill, knowhow and systems of the existing business; the online business; and the first right of refusal to purchase any of the existing dispensaries in the Chain when they are granted a license.

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, 1.5, 1.6, and 1.9. 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. Moreover, cannabis is an entirely new industry in Canada, and the legalization of cannabis will be a signature development in Canada retail market. There is a huge opportunity for Quantum 1 on the potential for first-mover advantage in the market. Legalization is expected to attract more new consumers and increase frequency of purchase. The high possibility of becoming a complement or a substitute for liquor favors to recreational cannabis industry. On-TrackTV is

launching new videos about provincial regulations and safety concerns, and other issues related to cannabis.

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 nine months ended February 28, 2019, 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. Changing in legislation, customer preferences and behaviors, competitors' actions and economic factors could affect the results from company predictions.

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

1.1 Date of Information

April 29, 2019

1.2 Overall Performance

We are pleased with development of On-Track TV as it's library of current software topics has become very comprehensive. More recently, we have entered into several discussions with top industry players who are interested in using On-Track TV to train their teams. In addition, we have many individual users that use On-Track TV for learning. In June 2018 we sold the USA and Malaysian rights of On -Track TV for USD\$150,000 but this could blossom to over USD\$330,000 based on activations. 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.

The company competes in the global marketplace and 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, 2019	1,146,065	1,038,266
November 30, 2018	1,506,037	1,362,533
August 31, 2018	1,101,560	991,599
May 31, 2018	984,875	887,172
February 28, 2018	748,947	666,289
November 30, 2017	336,383	272,764
August 31, 2017	257,378	193,940
May 31, 2017	244,823	189,578

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.

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 and 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 paid US\$20,000 for “The Blind King” owned by the Company and is to pay 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”). These deals will continue to earn royalty revenue for the Company.

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 100,000 common shares and 1,225,000 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.

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

In April 2018 we partnered with AC3 to market On-Track TV in the Crypto Currency marketplace. Under the terms of the agreement all revenues derived from sales of On-Track TV subscriptions go to On-Track TV in AC3 cryptocurrency.

In June 2018 we sold the exclusive USA and Malaysian rights to On-Track TV to Superior Online Training for USD\$330,000. Under the terms of the agreement Superior is paying USD\$150,000 plus a per country activation fee of USD\$20,000 for each Southeast Asian country including Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, Laos and Burma (an additional USD\$180,000). On-Track TV and Superior will share subscription revenue generated from sales of On-Track TV. Superior and On-Track TV have agreed to escalating yearly minimum targets to retain their exclusivity.

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, cannabis education, cannabis safety; and medical applications of cannabis
- 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 Southeast Asia and sell more regional ontrackTV licences.
- f) Continue to develop components 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) Update and modernize all of our websites starting with On-Track.com and ontracktv.com.
- j) Full scale animation and film productions in the areas of non-fiction and education;
- k) Produce a full feature film in the coming 12 months.;
- l) Develop and offer courses in common accounting software such as Simply Accounting, QuickBooks and Caseware. This would be for both Face to Face and OntrackTV.
- m) Expand on our Cannabis Strategy into retail sales in Key cities throughout British Columbia. We would like to have 8 Cannabis Retail Platforms up and running within the next 10 months.

1.3 Discussion of Operations

Revenue for the nine months ended February 28, 2019, increased to \$560,079 compared to \$442,802 during the nine months ended February 28, 2018. Operating expenses increased from \$1,329,786 during the nine months ended February 28, 2018, to \$2,342,496 during the nine months ended February 28, 2019. The increase of \$1,012,710 was mainly as a result of an increase expense in On-Track TV development costs, rent, research and development, share-based compensation, subcontractors, travel and business development, and wages and benefits. Net loss increased to \$1,781,967 (2018 - \$886,973) during the nine months ended February 28, 2019. Net loss increased by \$894,994 as a result of an increase in operating expenses.

The significant changes were as follows:

- On-Track TV development costs increased to \$272,770 for the nine months ended February 28, 2019 (2018 – \$92,050). The increase is a result of rapid development of On-Track TV online learning content and website in order to sell licenses.
- Rent costs increased to \$182,376 for the nine months ended February 28, 2019 (2018 – \$109,924). Quizam had no payment to rent for July and August 2017 because of a rent inducement. During the nine months ended February 28, 2019, the Company signed seven new rental agreements effective December 1, 2018 onwards.
- Research and development costs increased to \$377,290 for the nine months ended February 28, 2019 (2018 – \$133,775), as a result of On-Track TV products and related products broadening and development.
- Share-based compensation costs increased to \$277,457 for the nine months ended February 28, 2019 (2018 – \$67,018), as a result of the granting of 1,930,000 stock options during the current period.
- Subcontractors costs increased to \$102,309 for the nine months ended February 28, 2019 (2018 - \$96,016). The increase is a result of development of On-track TV. On-Tack also offers more training courses since moved to new bigger place.
- Travel and business development costs increased to \$363,224 for the nine months ended February 28, 2019 (2018 - \$200,858). The increase is related to the On-Tack TV license sales in US.
- 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.

1.4 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, 2019	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Total Revenue	\$115,029	\$161,003	\$284,047	\$188,445	\$125,427	\$178,431	\$138,944	\$164,006
Income or (loss) before other items	\$(715,417)	\$(889,959)	\$(177,043)	\$(241,625)	\$(418,490)	\$(300,060)	\$(168,434)	\$(127,598)
Net Income or (loss) for the period	\$(715,237)	\$(889,779)	\$(176,952)	\$(240,662)	\$(418,488)	\$(300,059)	\$(168,426)	\$(152,265)
Net income (Loss) before other items per share basic and diluted	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)
Income (Loss) per share basic and diluted	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)

Revenue increased during the three months ended May 31, 2017. Net loss decreased during the fourth quarter ended May 31, 2017, as a result of a decrease accounting and legal costs, investor and finance development, office and miscellaneous, and research and development.

Revenue decreased during three months ended August 31, 2017. Net loss remained consistent during the first quarter ended August 31, 2017.

Revenue increased during the three months ended November 30, 2017. Net loss increased during the second quarter ended November 30, 2017, as a result of an increase in accounting and legal costs, rent, research and development and travel and business development.

Revenue decreased during the three months ended February 28, 2018. Net loss increased during the third quarter ended February 28, 2018, as a result of the reduction in revenue and an increase in share-based compensation.

Revenue increased during the three months ended May 31, 2018. Net loss decreased during the fourth quarter ended May 31, 2018, as a result of an increase in revenue, and a decrease in share-based compensation.

Revenue increased during the three months ended August 31, 2018 as a result of new licensing fee revenue generated in the amount of \$199,140 (US\$150,000). Net loss decreased during the first quarter ended August 31, 2018, as a result of an increase in revenue, and a decrease in office and miscellaneous.

Revenue decreased during the three months ended November 30, 2018. Net loss increased during the second quarter ended November 30, 2018, as a result of an increase in accounting and legal costs, rent, research and development, share-based compensation, and travel and business development.

Revenue decreased during the three months ended February 28, 2019. Net loss decreased during the third quarter ended February 28, 2019, as a result of a decrease in share-based compensation costs, and a decrease in office and miscellaneous.

1.5 Liquidity

The Company's liquidity is as follows:

	February 28, 2019	May 31, 2018
Cash and cash equivalents	\$423,663	\$76,253
Accounts receivable	\$155,073	\$13,660
Accounts payable and accrued liabilities	\$87,829	\$89,962
Due to related parties	\$9	\$242,535
Working capital (deficiency)	\$342,806	\$(247,242)

As at February 28, 2019, the Company had cash and cash equivalents of \$423,663 and working capital of \$342,806 compared to cash and cash equivalents of \$76,253 and a working capital deficiency of \$247,242 as at May 31, 2018. The Company's increase in working

capital is attributable to the increase in cash and cash equivalents, accounts receivable and decrease in accounts payable and accrued liabilities and due to related parties.

During the nine months ended February 28, 2019, the Company used \$1,726,094 of cash for operating activities compared to \$1,026,739 in the comparative period. The Company incurred \$9,451 (2018 - \$69,350) in acquisition of equipment during the period ended February 28, 2019. The Company has financed its operations for the last two years mainly through the issuance of share capital. The Company has raised \$2,082,955 (2018 - \$770,870) through subscription of share capital during the nine months ended February 28, 2019. 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.

1.6 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.

During the year ended May 31, 2017, the Company signed a new rental agreement effective until August 31, 2022. During the nine months ended February 28, 2019, the Company signed seven new rental agreements effective December 1, 2018 onwards. The Company has committed to pay rent, taxes and operating costs. Minimum remaining lease payments are as follows:

<u>Fiscal Year</u>	<u>\$</u>
2019	93,485
2020	400,082
2021	405,236
2022	415,353
2023 and onwards	500,550
<u>Total</u>	<u>1,814,706</u>

1.7 Off-Balance Sheet Arrangements

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

1.8 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, 2019	February 28, 2018
Management fees	\$ 108,000	\$ 108,000

For the nine months ended February 28, 2019 and 2018, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At February 28, 2019, \$9 (May 31, 2018 – \$242,535) 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.

Accounting and legal, investor and finance development, office and miscellaneous, On-Track TV development, research and development, software development, subcontractors, travel and business development, and wages and benefit expenses are provided by related parties and significant shareholders of the Company.

During the nine months ended February 28, 2019, \$1,106,626 (2018 - \$587,362) of these expenses were included in expenses to companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder.

1.9 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, 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.

1.10 Changes in Accounting Policies including Initial Adoption

Adoption of New Accounting Changes:

IFRS 9, Financial Instruments (“IFRS 9”)

The Company has adopted new accounting standard IFRS 9, *Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company’s existing financial instruments on transition date. IFRS 9 was issued by the IASB in July 2014 and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The following summarizes the significant changes in IFRS 9 compared to the current standard:

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, does not have an impact on the carrying amounts of financial assets.

The adoption of IFRS 9 on the Company’s financial statements did not have a material impact.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted new accounting standard IFRS 15, *Revenue from Contracts with Customers*, effective for annual periods beginning on or after January 1, 2018 using the retrospective method of adoption. In May 2014, the IASB issued 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 Company principally generates the following revenue sources: Training revenue, On-Track TV revenue, Software revenue, License Fee revenue, and Movie Distribution License revenue. The Company has reviewed its sources of revenue using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company’s revenue from these sources as compared to the previous standards.

The adoption of IFRS 15 on the Company’s financial statements did not have a material impact.

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 adoption of IFRS 2 on the Company's financial statements did not have a material impact.

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 fiscal year beginning June 1, 2019, or for later years. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following accounting standards and amendments are effective for the Company's fiscal year beginning on June 1, 2019:

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 Company has not yet determined the full impact of IFRS 16 on its consolidated financial statements. The Company believes that the most significant impact will be the recognition of a right-of-use asset and a corresponding lease liability on the statement of financial position for certain facilities currently treated as operating leases.

1.11 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, bank indebtedness, 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 other than cash classified as FVTPL at February 28, 2019. 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 bank indebtedness, 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, 2019	May 31, 2018
	\$	\$
FVTPL (i)	423,663	76,253
Loans and receivables (ii)	155,073	13,660
Other financial liabilities (iii)	(237,852)	(357,198)

(i) Cash and cash equivalents

(ii) Accounts receivable

(iii) Accounts payable, deferred revenue and amounts due to related parties

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, 2019	May 31, 2018
		\$	\$
Cash and cash equivalents	1	423,663	76,253

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, 2019:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts Receivable	\$ 155,073	-	-	-	155,073

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 10 to the interim 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 0% of the Company's revenues are denominated in the U.K. pound sterling (2017 – 4%), and 45% in U.S. dollars (2017 – 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.

1.12 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 as at February 28, 2019	Number of shares issued or issuable as at April 29, 2019
Common shares	54,772,124	54,772,124
Stock options	3,235,000	3,235,000
Warrants	37,535,080	37,535,080