Form 51-102F1
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, 1.3, 1.4, 1.6, and 1.8. 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.

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 three months ended August 31, 2013, 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.

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

1.1 Date of Information

April 29, 2014

1.2 Overall Performance

We are pleased with development of On-TrackTV as it has received a great deal of attention in Canada, the United Kingdom and Bahrain and is gaining traction in Australia. On-TrackTV 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-TrackTV site and using the training.

We continue to enhance On-TrackTV's Learning Management System (LMS) with additional features. This is gaining more and more attention from large target corporations. The LMS allows administrators to group users on their team, group assignments to make custom curriculum and to assign custom curriculum to various user groups. Thanks to our Quizam Quizzing Engine, online vignettes now come with their dedicated quizzes. All of the aforementioned new features come with full reporting that allows managers and administrators to monitor their team's usage and progress. More recently we have added an Auto Email Notification system that coaches and reminds participant's to keep up on their learning cycle. It automatically tracks and sends customized intelligent emails to the participant and team leaders.

Though the Canadian economy is strong much of the current global economy is unstable and uncertain. Many other countries such as Greece, France, the United States of America, Bahrain and the United Kingdom 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. In addition the strong Canadian dollar makes our product more expensive globally.

It appears that trends in the marketplace are favoring Quizam's On-TrackTV 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 world wide have been increasing as follows: In June, July and August 2011, we had a total of 85,000 page hits. In September, October and November

2011, we had a total of 130,000 page hits and a total of 74,000 video downloads. In December, January and February, 2012 we had a total of 165,000 page hits and a total of 115,000 video downloads. In March, April and May, 2012 we had a total of 181,494 page hits and a total of 129,329 video downloads. In June, July and August, 2012 we had a total of 166,042 page hits and a total of 126,753 video downloads. In September, October, November 2012 we had a total of 187,049 page hits and total of 140,953 video downloads. In Q3 December 2012 – February 2013 we had a total of 225,035 page hits and 178,599 video downloads (60% increase over same period last year). In Q4 - March 2013 to May 2013 we had 261,000 web visits and 180,460 video downloads (downloads up 40% over previous year). This trend is continuing. In Q1– June 2013 to August 2013 – Web Visits were at 483,473 (up 191%), Video downloads were 302,394 (up 139%). In Q2 – September 2013 to November 2013, we had a total of 236,976 (up 27%) page hits and 185,431 (up 32%) video downloads. In Q3 – December 2013 to February 2014, we had a total of 192.066 (up 27%) page hits and 157,689 (up 31%) video downloads. This trend is increasing as clients continue to enjoy OntrackTV's growing library of learning.

We are currently transitioning 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. We have also been focused on website development for Australian and South African partners.

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 will soon start to deliver an Arabic version of our training.

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.

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 Blackberries.

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 moved to a new office space that will reduce the Company's rental costs significantly.

Management believes that overall performance is improving.

1.3 Results of Operations

Revenue for the nine months ended February 28, 2014 increased from $458,195 during the nine months ended February 28, 2013 to $522,703. Revenue increasedas a result of focusing on higher revenue training such as Project Management and Soft Skill HR Training, setting minimums for which we will deliver courses and attracting more business by offering On-track TV as a discount when customers book courses. Each quarter we assess the popularity of courses and we add more profitable courses and drop the less profitable courses. In addition we are paying strict attention to the previous year's revenue numbers and targeting to beat them by a minimum of 10%. Loss before other items increasedto $623,171 (2013 - $592,727) during the nine months ended February28, 2013. Operating expenses increased during 2014 mainly as a result of adecrease in accounting and legal expenses, a decrease in development costs for software, adecrease in development costs for Quizam Software. A portion of this decrease was offset by an increase in investor and finance development, management fees, office and miscellaneous expenses and travel and business development. This also resulted in an increase in net loss of $28,938.

The significant changes were as follows:

- Accounting and legal expenses increased to $131,500 for the nine months ended February 28, 2014 (2013 - $97,069) Travel and business increased to $60,130 from an expense of $53,809 during the fiscal period ended February 28, 2013.
- Management fees increased to $69,000 for the nine months ended February 28, 2014 (2013 - $45,000).The increase is a result of management fees returning to their normal levels of $12,000 per month after several months of discounted fees in order to offer the company some “expense relief”.
- Office and miscellaneous fees increase to $185,557 for the nine months ended February 28th, 2014 (2013 – 40,534). This increase was mostly due to the office move in December where the several extra costs were incurred. Note however that Rent was reduced as the company enjoyed rent reductions as inducements for moving.
- On-Track TV development costs increased to $190,363 for the nine months ended February 28, 2014 (2013 - $114,320).The increase in On-Track TV costs is a result of increased advertising from $247 in fiscal 2013 to $21,400 in fiscal 2014 and increased salaries from $113,338 in fiscal 2013 to $164,223 in fiscal 2014.
- Software development costs decreased to $16,964 for thenine months ended February 28, 2014 (2013 - $62,058).The decrease is a result of laying off staff to reduce costs.
- Stock base compensation was NIL for the period (2013 - $123,095) due to the fact that no options were issued.
- Stock base compensation was NIL for the period (2013 - $123,095) due to the fact that no options were issued.
- Subcontractors’ costs decreased to $36,507 for the nine months ended February 28, 2014 (2013– 52,850) as a result of hiring staffs to replace consultants to reduce the cost.
- Regulatory fees decreased to $7,699 for nine months ended February 28, 2014 (2013 - $23,452).
- Wages and benefits increased to $184,513 for the nine months ended February 28, 2014 (2013 - $171,139). The increase is a result of incentive payments paid to staff for creating sales and for increase number of staff.

The company’s cash position has decreased during the nine months ended February 28, 2014, due to increase of operating expenses and accounts receivable. The amount of accounts receivable has increased from May 31, 2013 to February 28, 2014. 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.

Description	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013	February 28, 2013	November 30 2012	August 31, 2012	May 31, 2012
Net Sales	$157,859	$164,197	$200,647	$195,484	$144,134	$178,245	$135,816	$169,416
Income or (loss) before other items	$(235,065)	$(295,705)	$(92,401)	$(274,070)	$(292,149)	$(173,100)	$(132,644)	$(242,848)
Net Income or (loss) for the period	$(234,202)	$(295,507)	$(91,956)	$(293,657)	$(287,587)	$(172,835)	$(132,305)	$(242,594)
Net income (Loss) before other items per share basic and diluted	$(0.00)	$(0.00)	$(0.01)	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.01)
Income (Loss) per share basic and diluted	$(0.00)	$(0.00)	$(0.01)	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.01)

Revenue decreased during the three months ended May 31, 2012 and August 31, 2012, as a result of a delayed financing which required management to layoff some employees and reduced marketing. Losses decreased as well. Net loss decreased during the fourth quarter ended May 31, 2012, over the third quarter ended February 29, 2012, as a result of a decrease in operating expenses. Net loss decreased during the first quarter ended August 31, 2012, over the fourth quarter ended May 31, 2012, also as a result of a decrease in operating expenses.

Revenue increased during the three months ended November 30, 2012, as there has been an increase in Ontrack-TV and face to face business. Net loss decreased during the second quarter ended November 30, 2012, over the first quarter ended August 31, 2012 as a result of increased revenue and decreased operating expenses.

Revenue decreased during the three months ended February 28, 2013, as there has been an decreased in Ontrack-TV and face to face business. Net loss decreased during the third quarter ended February 28, 2013, over the second quarter ended November 30, 2012 as a result of decreased revenue and increased accounts receivable.

Revenue increased during the three months ended May 31, 2013, as a result of expanding our training, offering a complimentary upgrade to the On-TrackTV service, grouping classes together to create larger classes which generate more business and new promotions that attracted new corporate customers and increased sales. Net loss decrease during the fourth quarter ended May 31, 2013, over the third quarter ended February 28, 2013 as a result of increased operating expenses.

Revenue increased during the three months ended August 31, 2013, as a result of expanding our training, offering a complimentary upgrade to the On-TrackTV service, grouping classes together to create larger classes which generate more business and new promotions that attracted new corporate customers and increased sales. Net loss decreased during the first quarter ended August 31, 2013, over the fourth quarter ended May 31, 2013 as a result of increased revenue and a decrease in operating expenses.

Revenue decreased during the three months ended November 30, 2013, as there has been an decreased in Ontrack-TV and face to face business. Net loss decreased during the second quarter ended November 30, 2013, over the first quarter ended August 3010, 2013 as a result of decreased revenue and increased accounts receivable.

Revenue decreased during the three months ended February 28, 2014, as there has been a decreased in Ontrack-TV and face to face business. Net loss decreased during the third quarter ended February 28, 2014, over the second quarter ended November 30, 2013 as a result of decreased revenue and increased accounts receivable.

1.6 Liquidity

The company's liquidity has decreased at February 28, 2014 since May 31, 2013.

	February 28, 2014	May 31, 2013
Cash and cash equivalents	($7,371)	$37,531
Amounts receivable & prepaid expenses	$84,355	$49,098
Accounts payable and accrued liabilities	($256,122)	$123,385
Due to a related party	$54,952	$121,287
Promissory notes payable	$22,808	$130,779

As at February 28, 2014, the Company had cash and cash equivalents of ($7,371) and a working capital deficiency of $222,082, compared to cash of $37,531 and a working capital deficiency of $307,112 at May 31, 2013. The company's decrease in cash is attributable to anincrease in operating expenditures

As at November 30, 2013, the Company had cash and cash equivalents of $4,519 and a working capital deficiency of $50,245, compared to cash of $37,531 and a working capital deficiency of $307,112 at May 31, 2013. The company's decrease in cash is attributable to anincrease in operating expenditures.

As at August 31, 2013, the Company had cash and cash equivalents of $15,209 and a working capital deficiency of $50,869, compared to cash of $37,531 and a working capital deficiency of $307,112 at May 31, 2013. The company's decrease in cash is attributable to anincrease in operating expenditures.

In November 2013, the Company completed a non-brokered private placement consisting of 1,620,000 units at $0.05 per unit for proceeds of $81,000. Each unit consists of one common share and one half of a share purchase warrant exercisable at a price of $0.12 expiring on November 21, 2014.

In September 2013, the Company completed a non-brokered private placement consisting of 8,800,000 units at $0.05 per unit for proceeds of $440,000. Each unit consists of one common share and one half of a share purchase warrant exercisable at a price of $0.12 expiring on September 12, 2014.

During the three months ended August 31, 2013, the Company issued 50,000 shares upon the exercise of warrants at $0.12 per share for proceeds of $6,000. During the three months ended August 31, 2013, the Company issued 40,000 shares upon the exercise of warrants at

$0.10 per share for proceeds of $4,000. During the three months ended August 31, 2012, there were no options or warrants exercised.

In March 2013, the Company completed a non-brokered private placement consisting of 3,000,000 units at $0.10 per unit for proceeds of $300,000. Each unit consists of one common share and one half of a share purchase warrant exercisable at a price of $0.25 for the first year and $0.35 for the second year expiring on March 6, 2014. In connection with the private placement, the Company issued 146,000 common shares as finders' fees with a fair value of $14,600.

During the three months ended August 31, 2013 the Company used $222,344 of cash for operating activities compared to $124,837 in the comparative period. The Company has financed itsoperations for the last two years mainly through the issuance of share capital, issuance ofpromissory notes payable and advances from related parties. The Company has raised $346,000 and $45,000 through subscription of share capital during the three month periods ended August 31, 2013 and 2012, respectively. The Company also repaid $109,610 of promissory notes payable during the three months ended August 31, 2013 and raised $54,499 through the issuance of promissory notes payable duringthe three months ended August 31, 2012. The Company also repaid $39,078 to related parties during the three months ended August 31, 2013 and received advances of $18,013 from related parties during the three months ended August 31, 2102. The Company has incurred losses as itcontinues 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 o 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, improvingprofitability and equity financings.

1.7 Capital Resources

The Company's capital currently consists of common shares, options and warrants. As the Company is in the development stage, its 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 and internet training development to ensure the growth of activities.

The Company's only capital commitment is office leases through June 2017 and is committed to lease payments during the next five fiscal years as follows:

2014	$ 15,282
2015	69,980
2016	69,980
2017	69,980
2018	17,495
	$ 242,717

1.9 Transactions with 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 and on terms and conditions similar to non-related parties as follows:

(a) The Company owes $54,952 (May 31, 2013 - $121,557) to a significant shareholder, who is also a director and officer. The loan is secured by the assets of the Company, bears interest at 12% per annum and is due upon demand.

(b) Management, accounting, investor and finance development, and product development are provided by a company owned by a significant shareholder. An amount of $279,409 (2013 - $149,220) was paid for these services during the nine months ending February 28, 2014.

(c) Marketing and publicity, investor and finance development, and product development fees totaling $112,757(2013 - $124,121) were paid to a company owned by a relative of one of the directors.

(d) Marketing and publicity fees totaling $nil (2012 - $5,577) were paid to relatives of one of the directors.

(e) Product development fees totaling $15,000 (2013 - $20,819) were paid to relatives of one of the directors.

(f) A private company controlled by a director has guaranteed an office lease entered into by the Company in consideration of $1,000 per month and a general security agreement against all assets of the Company.

(g) During the nine months ended February 28, 2013, $155,500 of note repayments was directed towards 3,110,000 unit subscriptions within the September 2013 private placement.

1.11 Proposed Transactions

The company plans to continue to focus on growth and profitability. The main strategies inthe process include:

The company plans to continue to focus on growth and profitability. The main strategies inthe process include:

a) Strict focus on increasing gross sales in each month compared to the same monthin previous year;

b) Increase of pricing in all areas;

c) Huge expansion of course offerings beyond IT and computer training. Some of thenew 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 forOn-Track TV;

e) Continue to develop On-Track TV markets in the UK, North America, Bahrain(Middle East) and Australia;

f) Add quizzing component to On-Track TV where users are quizzed after viewingcontent;

g) Offering web development services under the name On-Track Web Development.This enables us to leverage our in house team and increase revenue; and

h) Continue to enhance the LMS (learning management system) of the On-Track TVwebsite.

i) Further development of the UK market.

j) Full scale animation and film productions in the areas of non-fiction and education.

1.12 Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRSrequires management to make judgments, estimates and assumptions which affect thereported amounts of assets and liabilities and the disclosure of contingent assets andliabilities at the date of the financial statements and revenues and expenses for the periodsreported. Significant areas requiring the use of management estimates relate to revenuerecognition, the valuation allowance for future income tax assets and share-based payments.Actual results could differ from these estimates.

1.13 Changes in Accounting Policies

New accounting standards effective June 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the

financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 Presentation of Financial Statements - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 32 Financial Instruments: Presentation - In December 2011, the IASB issued anamendment to clarify the meaning of the offsetting criterion and the principle behind netsettlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with a corresponding amendment to IFRS 7.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for the Company beginning on June 1, 2013. Management does not expect that the adoption of these standards and interpretations will have a significant effect on the consolidated financial statements of the Company other than additional disclosures.

New accounting standards effective for the Company on June 1, 2015

IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for the Company beginning on June 1, 2015. The Company has not yet began the process of assessing the impact that IFRS 9 will have on the consolidated financial statements or whether to early adopt this new requirement.

1.14Financial 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, loans receivable, due to related parties and accounts payable. 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 recognized its cash and cash equivalents, accounts receivable and loans receivable at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income. The Company

has classified accounts receivable and loans 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 and due to related parties as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

The Company's financial instruments include cash and cash equivalents, accounts receivable, loans receivable, accounts payable, due to related parties and promissory notes payable. 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, 2014 $	**May 31, 2013** $
FVTPL (i)	(7,317)	37,531
Loans and receivables (ii)	52,616	37,667
Other financial liabilities (iii)	(282,488)	(325,209)

(i) Cash and cash equivalents
(ii) Accounts receivable and loans receivable
(iii) Accounts payable, amounts due to a related party 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 date.

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, 2014** $	**May 31, 2013** $
Cash and cash equivalents	1	(7,371)	37,531

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 cash and accounts receivable. To minimize its credit risk, the Company maintains substantially all of its cash with high quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. 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. Three of the Company's customer accounts (2013 - one) comprise 54% (2013 - 50%) of accounts receivable.

Of the balance outstanding at February28, 2014, 96% has been subsequently collected as at April 29, 2013.

Liquidity Risk

The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term exploration, development, and general and administrative expenditures. The Company's cash equivalents are invested in business guaranteed investment certificates which are immediately available on demand when required. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the United States dollar and Great Britain pound. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. 98% of the Company's revenues are denominated in Canadian Dollars (2013– 99%) while substantially all of the Company's expenses are denominated in Canadian dollars. The Company does not engage in any hedging activity.

Interest Rate Risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company's ability to raise capital to fund development is subject to risks associated with fluctuations in the market. Management closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

1.15Additional Information

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

Outstanding Share Data

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

	Number of shares Issued or issuable
Common shares	16,025,028
Stock options available	580,834
Warrants	3.103,333

1.16Subsequent Events

On March 2, 2014 the company announcesthat it has granted incentive stock options to purchase a total of 1,700,000 shares of the Company's capital stock to its directors, employees and consultants.These options will have a 24 month term, exercisable up to March 6, 2016 at an exercise price of $0.15 per share. All stock options and any shares issued on the exercise of stock options will be subject to a four month hold period expiring July 6, 2014.

In March 2014, the Company completed a non-brokered private placement consisting of 4,857,142 units at $0.07 per unit for gross proceeds of $340,000. Each unit consisted of one common share and half of a share purchase warrant exercisable at a price of $0.25 for a period of eighteen months. In connection with the private placement, the Company issued 335,492 common shares as finders' fees.