



QUIZAM MEDIA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

NOVEMBER 30, 2014 AND 2013

**Notice of No Auditor Review of Condensed Interim Consolidated
Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

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

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	November 30, 2014 \$	May 31, 2014 \$
ASSETS		
Current		
Cash and cash equivalents	–	–
Accounts receivable	21,946	21,303
Prepaid expenses and deposits	10,371	18,091
Taxes recoverable	14,706	14,954
Loans receivable (Note 4)	3,425	3,425
	<u>50,448</u>	<u>57,773</u>
Equipment (Note 3)	55,149	33,832
	<u>105,597</u>	<u>91,605</u>
LIABILITIES		
Current		
Cheques written in excess of funds on deposit	7,746	11,181
Accounts payable and accrued liabilities	310,058	149,227
Deferred revenue	36,230	36,230
Due to a related party (Note 11)	44,072	76,896
Promissory notes payable (Note 5)	23,093	23,093
	<u>421,199</u>	<u>296,627</u>
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 6)	13,080,282	12,754,706
Contributed surplus	990,111	962,235
Deficit	(14,385,995)	(13,921,963)
	<u>(315,602)</u>	<u>(205,022)</u>
	<u>105,597</u>	<u>91,605</u>

Nature of operations and continuance of business (Note 1)

Commitments (Note 15)

Subsequent events (Note 16)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 29, 2015:

/s/ "Russ Rossi"

Russ Rossi, Director

/s/ "Jim Rosevear"

Jim Rosevear, Director

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

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

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending November 30 2014 \$	Three Months Ending November 30 2013 \$	Six Months Ending November 30 2014 \$	Six Months Ending November 30 2013 \$
REVENUES				
Training services and software sales	156,431	131,908	303,959	328,828
On-Track TV sales	–	32,289	–	32,584
UK Software Sales	–	–	–	3,432
	156,431	164,197	303,959	364,844
EXPENSES				
Accounting and legal	70,170	69,500	85,470	79,200
Advertising and promotion	(5,151)	–	240	–
Automobile	8,002	1,782	11,465	5,626
Bank charges and interest	(321)	664	2,110	1,317
Depreciation	4,646	1,753	13,213	3,952
Interest on related party debt	–	(241)	–	3,109
Investor and finance development	28,625	28,861	37,175	56,299
Management fees	28,170	45,000	64,170	69,000
Office and miscellaneous	119,012	46,856	116,500	68,705
On-Track TV development costs (Note 10)	92,071	76,443	95,916	134,628
Regulatory fees	13,526	887	13,526	2,562
Rents	35,750	57,502	83,928	115,349
Software development costs (Note 10)	8,944	5,718	23,944	11,009
Stock-based compensation (Note 7)	27,876	–	27,876	–
Subcontractors	6,924	11,774	22,694	18,253
Telephone and internet	39,112	6,658	41,452	11,106
Travel and business development	54,778	40,089	62,005	39,786
Wages and benefits	24,245	66,656	66,572	133,049
	556,379	459,902	768,256	752,950
LOSS BEFORE OTHER ITEMS	(399,948)	(295,705)	(464,297)	(388,106)
OTHER ITEMS				
Interest income	265	201	265	270
Foreign exchange gain (loss)	–	(3)	–	373
NET LOSS AND COMPREHENSIVE LOSS	(399,683)	(295,507)	(464,032)	(387,463)
LOSS PER SHARE BASIC AND DILUTED	(0.02)	(0.02)	(0.02)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	24,422,310	15,120,161	24,842,902	13,724,869

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

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

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Six Months Ending November 30, 2014 \$	Six Months Ending November 30, 2013 \$
OPERATING ACTIVITIES		
Net loss	(464,032)	(387,463)
Items not affecting cash:		
Depreciation	13,213	3,952
Stock based compensation	27,876	–
	(422,943)	(383,511)
Changes in non-cash working capital items:		
Accounts receivable	(643)	(22,831)
Prepaid expenses and deposits	7,720	4,930
Taxes recoverable	247	(8,649)
Accounts payable and accrued liabilities	160,831	(25,906)
Deferred revenue	–	(8,627)
CASH USED IN OPERATING ACTIVITIES	(254,788)	(444,594)
FINANCING ACTIVITIES		
Advances from (to) related parties	(32,823)	(8,207)
Repayment of promissory notes payable	–	(108,806)
Issuance of common shares, net	325,576	531,000
CASH PROVIDED BY FINANCING ACTIVITIES	292,753	413,987
INVESTING ACTIVITIES		
Proceeds from loans receivable	–	2,592
Acquisition of equipment	(34,530)	–
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(34,530)	2,592
DECREASE IN CASH AND CASH EQUIVALENTS	3,435	(28,015)
CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	(11,181)	37,531
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	(7,746)	9,516
SUPPLEMENTAL INFORMATION		
Interest paid	–	201
Income tax paid	–	–

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

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****FOR THE SIX MONTH PERIOD ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
At May 31, 2013	36,988,252	11,783,166	755,335	(12,831,470)	(292,969)
Common share issued	10,420,000	521,000	–	–	521,000
Issued as finder's fees	577,000	28,850	–	–	28,850
Stock options exercised	40,000	4,000	–	–	4,000
Warrants exercised	50,000	6,000	–	–	6,000
Share issuance costs	–	(28,850)	–	–	(28,850)
Net loss for the period	–	–	–	(387,463)	(387,463)
As at November 30, 2013	48,075,252	12,314,166	755,335	(13,218,933)	(149,432)
At May 31, 2014	23,280,662	12,754,706	962,235	(13,921,963)	(205,022)
Common shares issued	8,233,333	327,000	–	–	327,000
Issued as finder's fees	256,666	7,700	–	–	7,700
Share issuance costs	–	(9,124)	–	–	(9,124)
Stock-based compensation	–	–	27,876	–	27,876
Net loss for the period	–	–	–	(464,032)	(464,032)
As at November 30, 2014	31,770,661	13,080,282	990,111	(14,385,995)	(315,602)

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED NOVEMBER 30, 2014 AND 2013
(Expressed in Canadian dollars)

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (the “Company”) was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business activity consists of providing computer training and consulting services and marketing of a computer based educational program. The address of the Company’s corporate office and its principal place of business is 1600-650 West Georgia Street, Vancouver, BC, V6B 4N7.

These 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 had a history of significant losses, sizeable accumulated deficits and limited working capital. The Company’s ability to continue as a going concern may therefore be dependent on completing equity financing, obtaining support from related parties or generating consistent profitable operations in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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 Statements*.

b) Basis of measurement and presentation

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. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to revenue recognition, the recognition of deferred income tax assets and share-based compensation. These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 2 (o). All amounts are expressed in Canadian dollars unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, On-Track Computer Training Ltd. (“On-Track”). On-Track Computer Training Ltd. was incorporated in Canada and is 100% owned by Quizam Media Corporation. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

d) Foreign currency translation

Foreign currency denominated assets and liabilities of operations are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses are converted at the average exchange rate for the reporting period. Gains or losses on translation are included in operations. The Company’s functional and presentation currency is the Canadian dollar.

e) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

f) Equipment and leasehold improvements

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Vehicle	5 years
Computer hardware	3 years
Furniture and fixtures	5 years
Library	5 years

Leasehold improvements are depreciated using the straight-line method over the estimated term of the related lease.

g) Long-lived assets and impairment

The Company evaluates, on an ongoing basis, the carrying value of equipment, for indications of impairment at each statement of financial position date or if an indication of impairment occurs.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

h) Loans receivable and notes payable

Loans receivable and notes payable are carried at amortised cost using the effective interest method. Finance charges are deferred and recognized over the life of the loan.

i) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred.

Share issue costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

j) Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which deductions and tax losses can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue recognition

i. Training revenue

Training revenues are recorded when a student attends a course, this is the date at which the stage of completion and costs of the transaction can be reliably measured, the amount of revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Company.

ii. On-Track TV revenue

On-Track TV revenues are those whereby customers sign up and pay for access to a video library. The revenues are recorded when access to the On-Track TV website has been granted and collection is probable.

iii. Software revenue

The Company records revenue from the sale of software when the customers download the software from the Company's website and collection is reasonably assured which is generally when direct payment is received.

iv. License fee revenue

License fees are recorded in the accounts when all conditions have been met under the license agreement, the licensee is satisfied with the operations of the software, and collection is probable, which is generally when payment is received.

l) Share-based payments

The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

m) Earnings (Loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income (loss) per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The existence of warrants and options affects the calculation of earnings (loss) per share on a fully diluted basis. As the effect of this dilution is to increase the reported earnings per share and reduce the reported loss per share and diluted per share amounts excludes all potential common shares if their effect is anti-dilutive.

n) Development costs

Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the year.

o) Financial 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, accounts payable, due to related parties and promissory notes 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:

i. Financial assets

The Company has recognized its cash and cash equivalents 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.

ii. Financial liabilities

The Company has recognized its accounts payable, due to related parties and promissory notes payable 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 its contractual obligations are discharged, cancelled or expire.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) New accounting standards adopted effective June 1, 2014

The mandatory adoption of the following new and revised accounting standards and interpretations on June 1, 2013 had no significant impact on the Company's consolidated financial statements for the years presented:

IAS 36 – Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal. The adoption of this standard had no significant impact on the Company's consolidated financial statements.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this standard had no significant impact on the Company's consolidated financial statements.

q) New accounting standards not yet adopted

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018.

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

3. EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Total
As at May 31, 2013	\$ 352,988	\$ 76,560	\$ –	\$ 4,280	\$ 433,828
Additions	4,593	–	24,617	–	29,210
As at May 31, 2014	\$ 357,581	\$ 76,560	\$ 24,617	4,280	\$ 463,038
Additions	34,530	–	–	–	34,530
As at Nov 30 2014	\$ 392,111	\$ 76,560	\$ 24,617	\$ 4,280	\$ 497,568

Accumulated Depreciation

As at May 31, 2013	\$ 344,313	\$ 71,820	\$ –	\$ 3,552	\$ 419,685
Depreciation	5,862	1,471	1799	389	9,521
As at May 31, 2014	\$ 350,175	\$ 73,291	\$ 1,799	\$ 3,941	\$ 429,206
Depreciation	11,261	732	900	320	13,213
As at Nov 30, 2014	\$ 361,436	\$ 74,023	\$ 2,699	\$ 4,261	\$ 442,419

Carrying Amounts

Balance, May 31, 2014	\$ 7,406	\$ 3,269	\$ 22,818	\$ 339	\$ 33,832
Balance Nov 30, 2014	\$ 30,675	\$ 2,537	\$ 21,918	\$ 19	\$ 55,149

4. LOANS RECEIVABLE

The Company has developed a program where it shares marketing and sales expenses with its licensees. Any monies advanced to licensees will take the form of an interest bearing loan and must be paid back to the Company. In fiscal 2010, the Company advanced £7,600 pounds (repayable at CDN \$14,227 including interest) to Central Media Services Limited, a UK Licensee. The loan bears a fixed interest rate of 5% per annum calculated monthly. There are no fixed terms of repayment. At November 30, 2014, the balance due is \$3,425 (May 31, 2014 - \$3,425) including interest.

5. PROMISSORY NOTES PAYABLE

On September 20, 2011, the Company signed a promissory note payable to a company owned by a significant shareholder in the principal sum of \$125,000. The loan bears interest at 15% per annum. The note term is for a maximum of 12 months. However, the Company may pay parts or all of it off earlier. On September 20, 2012, the term of the note was amended and the note is now payable on demand. In fiscal 2013, the Company received an additional \$73,450 of the promissory notes payable, repaid \$20,000 in cash and directed note repayments totalling \$60,000 towards 600,000 unit subscriptions within the March 2013 private placement described. In fiscal 2014, an amount of \$113,161 of debt repayments related to the note payable was directed toward 2,263,220 unit subscriptions within a private placement.

At November 30, 2014, the promissory note payable balance is \$23,093 (May 31, 2014 - \$23,093) including interest and finance fees.

6. 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 Statements of Changes in Equity.

On October 16, 2012, the Company enacted a two for one common share consolidation. On February 5, 2014, the Company enacted a three to one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of shares and loss per share have been restated to give effect to the share consolidations.

In September, 2014, the Company completed a private placement consisting of 4,233,333 common shares at \$0.03 per share for proceeds of \$127,000. In connection with the private placement, the Company issued 256,667 common shares as finders' fees with a fair value of \$7,700.

In November, 2014, the Company completed a private placement consisting of 4,000,000 units at a price of \$0.05 per unit for proceeds of \$200,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for 18 months at \$0.10 per share.

7. STOCK OPTIONS

Stock option plan and stock options issued (post-share consolidation described in Note 6):

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

7. STOCK OPTIONS (continued)

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

	Number of underlying shares	Weighted Average Exercise Price \$
Outstanding, May 31, 2014	1,983,333	0.21
Granted	800,000	0.16
Cancelled	(470,000)	0.15
Outstanding, November 30, 2014	2,313,333	0.20

All of the options outstanding at November 30, 2014 and May 31, 2014 were fully vested.

The fair value for stock options granted was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2014	2013
Risk free interest rate	1.07%	—
Expected life (in years)	2.00	—
Expected volatility	181%	—
Dividend yield	0%	—

Total share-based compensation expense recognized for stock options granted during the period was \$27,876 (2013 - \$nil) and was charged to operations for options granted to directors, officers and consultants of the Company.

The weighted average grant date fair value of options granted during the period was \$0.03 (2013- \$nil) per option.

The weighted average remaining contractual life of the stock options outstanding as at November 30, 2014 was 1.33 years (May 31, 2014 - 1.61 years).

8. 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, 2014	6,665,238	0.23
Issued	2,000,000	0.15
Expired	(1,736,667)	0.36
Balance, November 30, 2014	6,928,571	0.25

At November 30, 2014, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
500,000	\$1.05	March 6, 2015
2,428,571	\$0.25	September 4, 2015
2,000,000	\$0.15	November 27, 2015
2,000,000	\$0.15	March 27 2016
6,928,571		

9. 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 and software sales.

(a) Training Services and UK On-Track TV Sales for the six month periods ended November 30:

	2014 \$	2013 \$
Revenue	-	3,442
Expenses	(25,600)	(31,502)
Profit (loss)	(25,600)	(28,060)

9. SEGMENTED INFORMATION (continued)

(b) Software Sales and Licensing for the six month periods ended November 30:

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 the U.K. as follows:

	2014	2013
	\$	\$
Canada	303,959	328,828
U.K.	–	4,045

10. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During fiscal 2014 and 2013, 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 the statement of operations, and comprehensive loss and deficit, for the six month period ended November 30, 2014 and 2013 are as follows:

	2014	2013
	\$	\$
Salary, wages and fees (management, programming and marketing)	72,528	119,400
Materials	23,388	2,043
Marketing	–	885
Advertising and promotion	–	12,300
	95,926	134,628

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the statement of operations, and comprehensive loss and deficit, for the six month periods ended November 30, 2014 and 2013 are as follows:

	2014	2013
	\$	\$
Salary, wages and fees (management, programming and marketing)	23,944	11,009

11. RELATED PARTY TRANSACTIONS

(a) Management transactions

The Company has identified its directors, president and chief executive officer, and chief financial officer as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	November 30 2014	November 30, 2013
Wages and benefits, and management fees	\$ 168,910	\$ 179,364
Share-based payments	–	–
	<u>\$ 168,910</u>	<u>\$ 179,364</u>

For the period ended November 30, 2014 and 2013, 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 November 30, 2014, the Company owed \$22,539 (May 31, 2014 - \$76,896) to a significant shareholder, who is also a director and officer and to a company owned by his relative.

12. CAPITAL DISCLOSURE

The Company's capital currently consists of common shares, options and warrants for a total amount of \$14,083,359 (May 31, 2014 – \$13,716,941). 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.

13. LINE OF CREDIT

As at August 31, 2014, 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 November 30, 2014 and May 31, 2014.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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:

	November 30, 2014	May 31, 2014
	\$	\$
FVTPL (i)	-	-
Loans and receivables (ii)	25,371	24,728
Other financial liabilities (iii)	(363,436)	(231,197)

(i) Cash and cash equivalents

(ii) Accounts receivable and loans receivable

(iii) Cheques written in excess of funds on deposit, 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 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	November 30, 2014	May 31, 2014
		\$	\$
Cash and cash equivalents	1	-	-

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 minimise operational and legal risks.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

Of the balance outstanding at November 30, 2014, 80% has been subsequently collected as at January 30, 2015.

Liquidity Risk

The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term 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 generates a portion of its revenues in the U.K., the Company's foreign exchange risk arises primarily with respect to the U.K. pound sterling. 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 (2013 – 2%), 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.

15. COMMITMENTS

The Company has signed rental agreement effective until June 29, 2017 and has committed to rental payments of the total of \$402,501 payable as follows:

May 31, 2015	\$	71,029
May 31, 2016		142,059
May 31, 2017		142,059
May 31, 2018		11,839
Total	\$	366,986

16. SUBSEQUENT EVENTS

On December 26, 2014, 200,000 stock options were exercised at an exercise price of \$0.15 per share for proceeds of \$30,000.

During December 2014, 984,000 warrants were exercised at an exercise price of \$0.15 per share for proceeds of \$147,600.