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, 1.3, 1.4, 1.5, and 1.6. 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 and we have invested in a distribution company in Los Angeles called Aviron Pictures. Currently we own a non-dilutable 10% share in Aviron Pictures (www.avironpictures.com) located in Beverly Hills.

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 year ended May 31, 2016, which are
reasonably likely to cause actual results to differ materially are the volatility of the global economy and increased competition which could prevent the company from improving its cash position, improving profitability, increasing Country Licenses or completing necessary financings; decreased usage of the internet, cell phones, and PDA's which could decrease demand for Academic Quizzing software and Quizam's products; the inability to hire appropriate staff and the results of product development activities could prevent further revisions to the software and the development of new products. Changes in the Entertainment industry could also affect results. Currently the movie business is going through major changes as the Internet and On-Demand usage increases.

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

1.1 Date of Information

September 28, 2016

1.2 Overall Performance

We are pleased with development of On-Track TV as it has received a great deal of attention in Canada, the United Kingdom and Bahrain. On-Track TV distributes on-line information technology learning over the internet. The business model is based on self-service through a website with residual subscriptions. People are going to the On-Track TV site and using the training. Our continued increase in On-Track TV Web-Hits supports this.

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

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

The page hits and Video view/downloads from the On-Track TV website continue 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
May 31, 2016	151,016	121,487
February 29, 2016	117,211	89,095
November 30, 2015	114,724	91,777
August 31, 2015	71,532	48,979
May 31, 2015	119,356	86,034
February 28, 2015	80,049	54,291
November 30, 2014	68,920	47,060
August 31, 2014	46,954	26,821

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

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

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

Until now On-Track TV 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-Track TV 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-Track TV 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-Track TV. 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-Track TV which will broaden our corporate appeal. We are looking at broadening On-Track TV to include other broadcasts such as CEO messages, compliance issues, and other customized corporate communication requirements for clients. We plan to increase our On-Track TV 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 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$6.25 Million to assist with theatrical releases in the North American market. In May 2015 both parties agreed to have the deal expire and work on new improved deal whereby Quizam could have equity position (see below). We signed the new improved deal in October 2015 whereby for shares and warrants we acquired a 10% non-dilutive share of Aviron Pictures and a US$1million promissory note payable to Quizam Media (see below).

In May 2015, the Company through Event Film entered into a licensing agreement with Koch Media whereby Koch will purchase 4 feature films from Event Film for the Italian speaking European market. The films are titled “Gifted”, “Gifted 2”, “Primal Shift” and “The Blind King”. Koch is to pay US$20,000 for “The Blind King” owned by the Company (received) and US$15,000 for the other three movies distributed by Quizam Media as an agent for a 15% distribution commission (no payments received as of May 31, 2016), plus 50% of all gross receipts from the exploitation of the film (no payments received as of May 31, 2016). A 20% commission is to be paid by Quizam Media to Event Film (waived for “The Blind King”).

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

The Company subsequently entered into a Share Exchange Agreement which closed on November 5, 2015 (the “Agreement”). Under the terms of the Agreement, the Company issued 1,000,000 common shares and 12,250,000 share purchase warrants to acquire 1,000 Class A units of Aviron, representing a 10% non-dilutable equity interest. Each warrant entitles the holder to acquire one common share at a price of $0.08 for a period of 60 months following closing. Aviron granted the Company a Net Earnings Participation interest consisting of (i) US$50,000 per year for five years, paid quarterly (US$24,500 received in fiscal 2016) (ii) the issuance of a non-interest bearing promissory note of US$1,000,000 due and payable on or before October 30, 2020 (iii) 10% of Aviron’s net annual revenues (no payments were received as of May 31, 2016 and this clause is under dispute) (iv) and 10% of all proceeds or value received at the time of a liquidity event, including a public or private sale of Aviron, or winding up of the company.

The Company plans to continue to focus on growth and profitability. The main strategies in the process include:

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

b) Increase of pricing in all areas;

c) Huge expansion of course offerings beyond IT and computer training. Some of the new course offerings include customer service, conflict resolution, minute note-taking, and project management;

d) Special marketing team devoted to gaining Fortune 500 companies as clients for On-Track TV;

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

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

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

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

i) Further development of the UK market.

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

k) Production of 3 – 4 independent films per year.

l) Participating with Aviron Pictures to distribute Theatrical Releases in the North American market.

m) Develop and offer courses in common accounting software such as Simply Accounting, Quick Books and Caseware. This would be for both Face to Face and On-Track TV.

1.3 Discussion of Operations

Revenue for the year ended May 31, 2016, was $549,899 and was consistent compared to $549,541 during the year ended May 31, 2015. Loss before other items increased to $1,457,875 (2015 - $988,539) during the year ended May 31, 2016. Operating expenses increased from $1,538,080 during the year ended May 31, 2015, to $2,007,774 during the year ended May 31, 2016. The increase of $469,694 was mainly as a result of an increase in accounting and legal fees, investor and finance development, On-Track TV development cost, and share-based compensation. During the year ended May 31, 2016, the Company recognized impairment losses of $1,230,278, which together with the increase in operating expenses above, resulted in an increase in net comprehensive loss of $1,749,238.

The significant changes were as follows:

- Accounting and legal costs increased to $296,940 for the year ended May 31, 2016 (2015 – $228,320). The increase is mainly as a result of increased work related to the Company's acquisition of its investment in Aviron and work related to other agreements entered into during the year.
- Investor and finance development costs increased to $187,334 for the year ended May 31, 2016 (2015 – $95,262). The increase is a result of more investor relations meetings and more focus on setting up the entertainment division of Quizam Media.
- On-Track TV development costs increased to $293,758 for the year ended May 31, 2016 (2015 - $181,957). The increase in On-Track TV costs is a result of management focusing more time and effort on the development for new schedule and marketing planning according the recent changes in economic environment.
- Share-based compensation costs increased to $124,036 for the year ended May 31, 2016 (2015 - $42,211). The increase is a result of more stock options being granted in 2016 as compared to the previous year.
- Impairment loss of investment in Aviron Group, LLC of $354,832 was recognized for the year ended May 31, 2016 (2015 - $nil) as the fair value of the investments was estimated to be $nil based on Aviron's financial condition and the loss was determined to be other than temporary. Impairment of promissory note and receivable from Aviron Group, LLC of $875,446 were recognized for the year ended May 31, 2016 (2015 - $nil) due to significant uncertainty in collectability and $nil estimated recoverable amount.
- The Company also recognized a total amortization and impairment loss of $80,736 on the intangible asset related to movie "Blind King" based on the net recoverable amount estimated as of May 31, 2106.

Our training division continues to improve its performance and management feels we are gaining more market share every quarter. We are blending out On-Track TV with our face to face offerings to attract more large clients. We are enjoying more and more success with our "soft skill" courses.

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	May 31 2016	February 29 2016	November 30 2015	August 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Total Revenue	$187,677	$125,884	$121,050	$115,288	$112,748	$132,924	$156,341	$147,528
Loss before other items	$(348,010)	$(415,799)	$(436,261)	$(257,805)	$(247,140)	$(277,102)	$(399,948)	$(64,349)
Net Loss for the period	$(1,637,700)	$(410,395)	$(431,866)	$(257,376)	$(247,054)	$(277,013)	$(399,683)	$(64,349)
Net loss before other items per share basic and diluted	$(0.03)	$(0.01)	$(0.01)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.00)
Loss per share basic and diluted	$(0.03)	$(0.01)	$(0.01)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.00)

Revenue increased during the three months ended November 30, 2014. Net loss increased during the second quarter ended November 30, 2014, over the first quarter ended August 31, 2014 as a result of increased revenue offset by increased operating expenses.

Revenue decreased during the three months ended February 28, 2015, as there has been a decrease in On-Track TV and face to face business. Net loss decreased during the second quarter ended February 28, 2015, over the third quarter ended November 30, 2014 as a result of decreased operating expenses.

Revenue increased during the three months ended May 31, 2015. Net loss decreased during the third quarter ended February 28, 2015, over the second quarter ended November 30, 2014 as a result of decreased operating expenses.

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

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

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

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

1.5 Liquidity

The Company's liquidity has increased at May 31, 2016, since May 31, 2015.

	May 31, 2016 $	May 31, 2015 $
Cash and cash equivalents (bank overdraft)	29,328	(11,367)
Amounts receivable & prepaid expenses	48,343	63,779
Accounts payable and accrued liabilities	136,704	126,022
Due to a related party	-	177,904
Promissory notes payable	123,442	131,817

As at May 31, 2016, the Company had cash of $29,328 and a working capital deficiency of $195,365 compared to bank overdraft of $11,367 and a working capital deficiency of $408,410 as May 31, 2015. The Company's decrease in working capital deficiency is mainly attributable to funds raised through the issuance of common shares.

During the year ended May 31, 2016, the Company used $1,435,401 of cash for operating activities compared to $876,158 in the comparative period. The Company incurred $11,325 (2015 - $26,506) in acquisition of equipment and $51,350 for investment in film production (2015 - $55,000) during the year ended May 31, 2016. The Company has financed its operations for the last two years mainly through the issuance of share capital. The Company has raised $1,547,184 (2015 - $845,329) through subscription of share capital during the year ended May 31, 2016. The Company repaid $8,376 of promissory notes during the year ended May 31, 2016 as compared to receiving $108,724 through proceeds from promissory notes during the year ended May 31, 2015. 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.

The Company is committed to an office lease through June 2017. As at May 31, 2016, the minimum lease payments over the remaining lease term were as follows: 2017 - $142,059; 2018 - $11,839. Also as at May 31, 2016, the Company was committed to a $3,650 payment upon completion of the film production project, which was paid in June 2016.

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, 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:

	2016	2015
Management fees	$ 154,600	$ 144,000

For the year ended May 31, 2016, and 2015, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At May 31, 2016, the Company owed $nil (2015 - $137,853) to Mr. Russ Rossi, a significant shareholder who is also a director and officer, and companies owned by Mr. Rossi, and to TRC Holdings Ltd., a company owned by his relative.

Wages and benefits, accounting, investor and finance development, product development, moving, temp staff, temp instructors, office and other miscellaneous expenses are provided by BlueSkyView Software Corp., a company owned by Mr. Russ Rossi, a significant shareholder who is also a director and officer. An amount of $644,006 (2015 - $471,256) was included in expenses for these services during the years ended May 31, 2016.

During the year ended May 31, 2016, wages & fees, marketing and publicity, investor and finance development, product development fees, and moving expenses totaling $182,477 (2015 - $91,847) were included in expenses to TRC Holdings Ltd., a company owned by a relative of Mr. Russ Rossi, a director of the Company.

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 calculating an allowance for doubtful accounts, the measurement of share-based payments, assessing the discount rate used to discount the long-term promissory note and amounts receivable, assessing the recoverable amount for loans, notes and other amounts receivable, assessing the recoverable amount for investments in film production, estimation of the fair value of share investment in Aviron Group, LLC. and expected lives of long-lived 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

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, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The standard is effective for annual periods beginning on or after January 1, 2016.

Annual Improvements to IFRSs 2012-2014 Cycle

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

IAS 7 Statement of Cash Flows

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 9 – Financial Instruments

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

IFRS 7 Financial Instruments: Disclosure

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

IFRS 2 Share-Based Payment

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

(a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;

(b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;

(c) Classification of share-based payment transactions with net settlement features.

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

IFRS 16 Leases

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

1.11 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 of cash and cash equivalents, cheques written in excess of funds on deposit, accounts receivable, amounts receivable, promissory note 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. Transaction costs incurred in connection with the purchase of financial instruments are recognized in profit or loss.

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

i. Financial assets

   The Company has classified its cash and cash equivalents as FVTRL. The Company has classified its investment in Aviron Group LLC as available for sale. The Company has classified accounts receivable, amounts receivable and promissory note receivable as loans and receivables. The Company has not classified any financial assets held to maturity.

Subsequent to initial recognition, financial assets are measured in accordance with the following:

(i) Financial assets classified as fair value through profit or loss are measured at fair value. All gains and losses resulting from changes in their fair value are included in net income (loss) in the period in which they arise.

(ii) Held-to-maturity investments and loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net income (loss), using the effective interest method less any impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iii) Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income (loss) until the asset is realized, at which time they will be recorded in net income (loss). Other than temporary impairments on available-for-sale financial assets are recorded in net income (loss).

ii. Financial liabilities

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

Subsequent to initial recognition, financial liabilities are measured in accordance with the following:

(i) Financial liabilities classified as other financial liabilities are initially recognized at fair value less transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

(ii) Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in net income (loss).

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

	May 31, 2016 $	May 31, 2015 $
FVTPL (i)	29,328	–
Loans and receivables (ii)	19,151	12,287
Other financial liabilities (iii)	(244,386)	(446,919)

(i) Cash and cash equivalents
(ii) Accounts receivable, amounts receivable and promissory note receivable
(iii) Accounts payable, cheques written in excess of funds on deposit, amounts due to related parties, deferred revenue 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	May 31, 2016 $	May 31 2015 $
Cash and cash equivalents	1	29,328	–

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

Credit Risk

Financial instruments that potentially subject the Company to concentrations of accounts receivable. 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 May 31, 2016:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	$ 10,872	4,829	-	3,450	19,151

Liquidity Risk

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

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.K., 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 4% of the Company's revenues are denominated in the U.K. pound sterling (2015 – 5%), 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 outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable
Common shares	80,291,263
Stock options	3,530,000
Warrants	30,226,523

1.13 Subsequent Events

(a) On June 1, 2016, the Company granted 1,300,000 stock options exercisable at $0.05 per share until June 1, 2018.

(b) On June 1, 2016, the Company granted 550,000 stock options exercisable at $0.05 per share until November 5, 2020.

(c) On June 10, 2016, the Company closed a non-brokered private placement of 3,410,000 units at $0.03 per unit. Each unit consists of one common share and one share purchase warrant exercisable at $0.07 per share for 18 months. In connection with the private placement, the Company issued 50,000 common shares as finders' fees.

(d) Subsequent to May 31, 2016, the Company issued 1,200,000 shares upon exercise of options for gross proceeds of $60,000.

(e) Subsequent to May 31, 2016, the Company issued 4,884,000 shares upon exercise of warrants for gross proceeds of $440,800