QUIZAM MEDIA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

AUGUST 31, 2016 AND 2015

(Unaudited)

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	As at August 31, 2016 $	As at May 31, 2016 $
ASSETS		
Current		
Cash and cash equivalent	4,520	29,328
Accounts receivable	25,773	19,151
Prepaid expenses and deposits	10,238	16,538
Sales taxes recoverable	9,857	12,654
	50,388	77,671
Property and equipment (Note 3)	47,863	44,669
Film distribution rights (Note 4)	29,264	29,264
	127,515	151,604
LIABILITIES		
Current		
Accounts payable and accrued liabilities	147,459	136,704
Deferred revenue	12,890	12,890
Due to related parties (Note 11)	3,307	–
Promissory notes payable (Note 5)	–	123,442
	163,656	273,036
EQUITY (DEFICIENCY)		
Share capital (Note 6)	15,961,219	15,337,285
Contributed surplus	2,195,439	2,173,682
Share subscriptions received	–	15,000
Deficit	(18,192,799)	(17,647,399)
	(36,141)	(121,432)
	127,515	151,604

Nature and continuance of operations (Note 1)
Commitments (Note 15)
Subsequent event (Note 16)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 31, 2016:

/s/ "Russ Rossi"	/s/ "Jim Rosevear"
Russ Rossi, Director	Jim Rosevear, Director

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending August 31, 2016	Three Months Ending August 31, 2015
	$	$
REVENUES		
Training services and software sales	116,620	115,228
	116,620	115,228
EXPENSES		
Accounting and legal (Note 11)	102,850	69,515
Automobile	3,007	9,678
Bank charges and finance fees	2,420	961
Depreciation	1,940	3,777
Investor and finance development (Note 11)	64,330	18,782
Management fees (Note 11)	40,200	36,000
Office and miscellaneous	68,504	15,638
On-Track TV development costs (Note 10 and 11)	67,500	60,495
Regulatory fees	1,921	3,777
Rent	35,515	39,515
Software development costs (Note 10 and 11)	31,075	14,524
Share-based compensation (Note 7)	42,591	13,928
Subcontractors	100,019	6,633
Telephone and internet	3,235	5,255
Travel and business development	49,465	17,810
Wages and benefits (Note 11)	43,799	56,745
	658,371	373,033
LOSS BEFORE OTHER ITEMS	(541,751)	(257,805)
OTHER ITEMS		
Impairment of film distribution rights (Note 4)	(3,650)	–
Interest income	1	429
NET LOSS AND COMPREHENSIVE LOSS	(545,400)	(257,376)
LOSS PER SHARE BASIC AND DILUTED	(0.07)	(0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,775,352	4,739,160

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending August 31, 2016 $	Three Months Ending August 31, 2015 $
OPERATING ACTIVITIES		
Net loss	(545,400)	(257,376)
Add back non-cash items:		
Depreciation	1,940	3,777
Impairment of film distribution rights	3,650	–
Share-based compensation	42,591	13,928
	(497,219)	(239,671)
Changes in non-cash working capital items:		
Accounts receivable	(6,622)	(18,866)
Prepaid expenses and deposits	6,300	15,262
Sales taxes recoverable	2,797	12,033
Accounts payable and accrued liabilities	10,755	(55,836)
Due to related parties	(120,135)	(19,369)
CASH USED IN OPERATING ACTIVITIES	(604,124)	(306,447)
FINANCING ACTIVITIES		
Share subscriptions received	–	78,595
Issuance of common shares, net	588,100	253,515
CASH PROVIDED BY FINANCING ACTIVITIES	588,100	332,110
INVESTING ACTIVITIES		
Acquisition of property and equipment	(5,134)	(1,681)
Investment in film production	(3,650)	
CASH USED IN INVESTING ACTIVITIES	(8,784)	(1,681)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,808)	23,982
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF FUNDS ON DEPOSIT) – BEGINNING OF THE PERIOD	29,328	(11,367)
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	4,520	12,615
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–
NON-CASH FINANCING ACTIVITIES		
Issuance of shares for finders' fees	1,500	5,200

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

FOR THE THREE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of Common Shares	Amount $	Contributed Surplus $	Share Subscriptions Received $	Deficit $	Total $
As at May 31, 2015	4,315,245	13,600,229	980,446	23,806	(14,910,062)	(305,581)
Common shares issued	300,000	150,000	–	–	–	150,000
Issued as finder's fees	10,400	5,200	–	–	–	5,200
Share issuance costs	–	(5,200)	–	–	–	(5,200)
Warrants exercised	62,000	62,000	–	–	–	62,000
Stock option's exercised	51,515	41,515	–	–	–	41,515
Share subscriptions received	–	–	–	78,595	–	78,595
Share-based compensation	–	–	13,928	–	–	13,928
Net loss for the period	–	–	–	–	(257,376)	(257,376)
As at August 31, 2015	4,739,160	13,853,744	994,374	102,401	(15,167,438)	(216,919)
As at May 31, 2016	7,079,726	15,337,285	2,173,682	15,000	(17,647,399)	(121,432)
Units issued for cash	341,000	102,300	–	(15,000)	–	87,300
Issued as finder's fees	5,000	1,500	–	–	–	1,500
Share issuance costs	–	(1,500)	–	–	–	(1,500)
Warrants exercised	488,400	440,800	–	–	–	440,800
Stock options exercised	120,000	80,834	(20,834)	–	–	60,000
Share-based compensation	–	–	42,591	–	–	42,591
Rounding upon share consolidation	(26)	–	–	–	–	–
Net loss for the period	–	–	–	–	(545,400)	(545,400)
As at August 31, 2016	8,034,100	15,961,219	2,195,439	–	(18,192,799)	(36,141)

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Presentation

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

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

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

b) New accounting standards not yet adopted

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

IAS 7 Statement of Cash Flows

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New accounting standards not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers

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

IFRS 9 – Financial Instruments

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

IFRS 7 Financial Instruments: Disclosure

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

IFRS 2 Share-Based Payment

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

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

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

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

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

IFRS 16 Leases

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

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

(Expressed in Canadian dollars)

3. PROPERTY AND EQUIPMENT

Cost	**Computer Hardware**	**Furniture and Fixtures**	**Leasehold Improvements**	**Library**	**Total**
As at May 31, 2016	$ 392,422	$ 79,075	$ 24,617	$ 4,755	$ 500,869
Additions	5,134	–	–	–	5,134
As at August 31, 2016	$ 397,556	$ 79,075	$ 24,617	$ 4,755	$ 506,003
Accumulated Depreciation					
As at May 31, 2016	$ 366,057	$ 76,220	$ 9,422	$ 4,501	$ 456,200
Depreciation	1,646	230	–	64	1,940
As at August 31, 2016	$ 367,703	$ 76,450	$ 9,422	$ 4,565	$ 458,140
Carrying Amounts					
Balance, May 31, 2016	$ 26,365	$ 2,855	$ 15,195	$ 254	$44,669
Balance, August 31, 2016	$ 29,853	$ 2,625	$ 15,195	$ 190	$47,863

4. INVESTMENT IN FILM PRODUCTION AND FILM DISTRIBUTION RIGHTS

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

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

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

(Expressed in Canadian dollars)

5. PROMISSORY NOTES PAYABLE

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

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 consolidated statements of changes in equity (deficiency).

Transactions for the three months ended August 31, 2016:

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

During the three months ended August 31, 2016, the Company issued 120,000 post-consolidation shares upon exercise of stock options for gross proceeds of $60,000.

During the three months ended August 31, 2016, the Company issued 488,400 post-consolidation shares upon exercise of warrants for gross proceeds of $440,800.

Subsequent to August 31, 2016, the Company completed a 10-for-1 share consolidation (Note 16). All share and per share amounts have been retroactively restated to reflect the share consolidation.

7. STOCK OPTIONS

Stock option plan and stock options issued:

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

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

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2016	288,000	$ 0.90
Granted	185,000	0.50
Exercised	(120,000)	0.50
Outstanding, August 31, 2016	353,000	$ 0.81

(Expressed in Canadian dollars)

7. STOCK OPTIONS (continued)

All of the options outstanding at August 31, 2016 were fully vested.

The fair value for stock options granted during the three months ended August 31, 2016, and 2015, was estimated using the Black- Scholes option pricing model using the following weighted average assumptions:

	August 31, 2016	August 31, 2015
Risk-free interest rate	0.61%	0.43%
Expected life (in years)	2.72	2.00
Expected volatility	169%	191%
Expected forfeitures	0%	0%
Dividend yield	0%	0%

Total share-based compensation expense recognized for stock options granted during the three months ended August 31, 2016, to directors, officers and consultants of the Company was $42,591 (2015 - $13,928) and was charged to operations.

The weighted average grant date fair value of stock options granted during the year was $0.20 (2015 - $0.50) per option. The weighted average remaining contractual life of the stock options outstanding as at August 31, 2016 was 1.57 years (2015 - 1.00 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, 2016	3,170,053	$ 0.90
Issued	341,000	0.70
Exercised	(488,400)	0.90
Balance, August 31, 2016	3,022,653	$ 0.89

At August 31, 2016, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
426,667	$ 1.00	September 5, 2016
139,286	$ 1.00	October 22, 2016
154,033	$ 1.20	January 2, 2017
165,067	$ 1.20	March 9, 2017
1,225,000	$ 0.80	November 6, 2020
269,600	$ 1.00	July 27, 2017
302,000	$ 0.80	September 14, 2017
341,000	$0.70	December 10, 2017
3,022,653		

The weighted average remaining contractual life of the warrants outstanding as at August 31, 2016 was 2.08 years (2015 – 0.88 years).

(Expressed in Canadian dollars)

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, software sales and licensing, and film distribution licenses sales.

(a) Training Services and UK On-Track TV sales and expenses for the three months ended August 31, 2016, and 2015, respectively:

	2016 $	2015 $
Revenue	116,620	115,288
Expenses	(143,420)	(353,597)
Profit (loss)	(26,800)	(237,940)

(b) Software and Licensing sales and expenses for the three months ended August 31, 2016 and 2015, respectively:

	2016 $	2015 $
Revenue	–	–
Expenses	(15,450)	(14,524)
Profit (loss)	(15,450)	(14,524)

(c) Film Distribution Licenses sales and expenses for the three months ended August 31, 2016 and 2015, respectively:

	2016 $	2015 $
Revenue	–	–
Expenses	–	–
Profit (loss)	–	–

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

	2016 $	2015 $
Canada	116,620	115,288
Europe	–	–

(Expressed in Canadian dollars)

10. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During fiscal 2016 and 2015, the Company finished a complete set of on-line curriculum for its training division called On-Track TV. The costs associated with development of the On-Track TV, which are included in expenses for the three months ended August 31, 2016 and 2015, are as follows:

	2016 $	2015 $
Salary, wages and fees (management, programming and marketing)	7,500	48,583
Marketing, advertising and promotion	–	11,912
Production costs	60,000	–
	67,500	60,495

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the consolidated statement of operations, and comprehensive loss for the three months ended August 31, 2016 and 2015, are as follows:

	2016 $	2015 $
Salary, wages and fees (management, programming and marketing)	31,075	14,524

11. RELATED PARTY TRANSACTIONS

(a) Key management compensation

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

	2016 $	2015 $
Management fees	40,200	36,000

For the three months ended August 31, 2016, 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 August 31, 2016, $3,307 (May 31, 2016 – $nil) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions

Wages & fees, accounting, investor and finance development, product development, moving, office and other miscellaneous expenses are provided by a company owned by a significant shareholder who is also a director and officer. An amount of $156,762 (2015 - $105,852) was included in expenses for these services during the three months ended August 31, 2016.

During the three months ended August 31, 2016, wages & fees, marketing and publicity, investor and finance development, product development fees, and moving expenses totaling $51,143 (2015 - $77,361) were included in expenses to a company owned by a relative of one of the directors.

12. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of $18,156,658 at August 31, 2016 (May 31, 2016 – $17,525,967). The Company's principal source of capital is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital funding to be able to meet the Company's educational software development, internet training development and film production to ensure the growth of activities.

13. LINE OF CREDIT

As at August 31, 2016, 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 August 31, 2016 and May 31, 2016.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

	August 31, 2016 $	May 31, 2016 $
FVTPL (i)	4,520	29,328
Loans and receivables (ii)	25,773	19,151
Other financial liabilities (iii)	(150,766)	(244,386)

(i) Cash and cash equivalents
(ii) Accounts receivable
(iii) Accounts payable, amounts due to related parties and promissory notes payable

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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

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

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

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

	Level	**August 31, 2016** $	**May 31, 2016** $
Cash and cash equivalents	1	4,520	29,328

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

Credit Risk

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

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at August 31, 2016:

		Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	$	3,579	13,186	9,006	2	25,773

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 12. The Company has a working capital deficit and requires additional financing to fund operations.

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.K., and a portion is in the U.S. (movie sales), the Company's foreign exchange risk arises with respect to the U.K. pound sterling and U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 6% of the Company's revenues are denominated in the U.K. pound sterling (2015 – 5%), and 6% in U.S. dollars (2015 – 0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. In management's opinion the Company is not exposed to significant foreign exchange rate risk.

Interest Rate Risk

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

15. COMMITMENT

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

	$
May 31, 2017	106,544
May 31, 2018	11,839
Total	118,383

16. SUBSEQUENT EVENT

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