



**QUIZAM MEDIA CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**AUGUST 31, 2024 AND 2023**

**Unaudited**

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

(Expressed in Canadian dollars)

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	As at August 31, 2024 \$	As at May 31, 2024 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	107,192	196,362
Accounts receivable	46,714	45,084
Due from related parties (Note 12)	382,923	204,137
Sales taxes recoverable	9,814	32,107
Prepaid expenses	41,420	41,420
Inventory (Note 5)	222,269	240,972
<b>Total current assets</b>	<b>810,331</b>	<b>760,082</b>
Security deposit	35,000	35,000
Investment in sublease (Note 17)	111,034	111,034
Property and equipment (Note 6)	1,325,700	1,442,529
<b>Total assets</b>	<b>2,282,065</b>	<b>2,348,645</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	678,200	595,443
Deferred revenue	22,960	38,605
Loans payable to related parties (Note 12)	748,203	737,947
Lease liabilities – (Note 16)	458,179	455,453
<b>Total current liabilities</b>	<b>1,907,542</b>	<b>1,827,448</b>
Lease liabilities – Long-term (Note 16)	1,046,835	1,154,606
<b>Total liabilities</b>	<b>2,954,377</b>	<b>2,982,054</b>
<b>DEFICIENCY</b>		
Share capital (Note 7)	26,651,042	26,651,042
Reserves	3,320,463	3,320,463
Deficit	(30,643,817)	(30,604,914)
<b>Total deficiency</b>	<b>(672,312)</b>	<b>(633,409)</b>
<b>Total liabilities and deficiency</b>	<b>2,282,065</b>	<b>2,348,645</b>

Contingencies (Note 20)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 30, 2024

/s/ "Russ Rossi"  
Russ Rossi, Director

/s/ "Jim Rosevear"  
Jim Rosevear, Director

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

(Expressed in Canadian dollars)

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	Three Months August 31, 2024 \$	Three Months August 31, 2023 \$
<b>REVENUES</b>		
Retail sales	1,695,215	1,732,529
Training services and software sales	68,779	85,480
	<b>1,763,994</b>	<b>1,818,009</b>
<b>EXPENSES</b>		
Accounting and legal (Note 12)	31,851	29,102
Automobile	9,076	8,601
Bank charges and finance fees	68,383	78,462
Depreciation	119,600	109,466
Investor and finance development (Note 12)	1,425	38,250
Management fees (Note 13)	104,685	64,525
Office and miscellaneous (Note 13)	49,009	67,484
On-Track TV development costs (Note 11 and 12)	3,750	35,431
Regulatory fees	4,632	3,211
Research and development (Note 12)	21,815	83,611
Retail inventory (Note 5)	1,105,572	1,103,942
Subcontractors (Note 12)	36,634	47,622
Telephone and internet	8,316	6,467
Travel and business development (Note 12)	90,925	121,691
Wages and benefits (Note 12)	203,508	204,485
	<b>1,859,181</b>	<b>2,002,350</b>
LOSS BEFORE OTHER ITEMS	(95,187)	(184,340)
<b>OTHER ITEMS</b>		
Gain on termination of leases	-	2,999
Gain on termination of Vernon store	-	36,191
Other income	56,285	42,375
NET LOSS AND COMPREHENSIVE LOSS	(38,902)	(102,776)
LOSS PER SHARE BASIC AND DILUTED	(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	47,939,632	39,154,801

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

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**QUIZAM MEDIA CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS**(Expressed in Canadian dollars)

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	Three Months August 31, 2024 \$	Three Months August 31, 2023 \$
<b>OPERATING ACTIVITIES</b>		
Net loss	(38,902)	(102,776)
Add back non-cash items:		
Depreciation	119,600	109,466
Other Income	-	(42,374)
Gain from termination of leases	-	(2,999)
Gain on termination of Vernon store	-	(36,191)
Lease interest expense	30,615	38,679
	<hr/> 111,313	<hr/> (36,195)
Changes in non-cash working capital items:		
Accounts receivable	(1,630)	2,863
Prepaid expenses and deposits	-	(261)
Sales taxes recoverable	22,293	391
Inventory	18,703	(1,490)
Accounts payable and accrued liabilities	82,756.55	72,739
Due to (due from) related parties	(178,786)	155,564
Deferred revenue	(15,645)	(3,186)
<b>CASH PROVIDED BY (USED IN ) OPERATING ACTIVITIES</b>	<hr/> 39,006	<hr/> 190,425
<b>FINANCING ACTIVITIES</b>		
Loans payable to related parties	10,256	-
Lease payments	(135,660)	(137,259)
<b>CASH PROVIDED BY (USED IN ) FINANCING ACTIVITIES</b>	<hr/> (125,404)	<hr/> (137,259)
<b>INVESTING ACTIVITIES</b>		
Disposal (purchase) of property and equipment	(2,771)	25,695
Deposits received (refunded)	-	(42,264)
<b>CASH PROVIDED BY (USED IN ) INVESTING ACTIVITIES</b>	<hr/> (2,771)	<hr/> (16,569)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<hr/> (89,170)	<hr/> 36,597
<b>CASH AND CASH EQUIVALENTS – BEGINNING</b>	<hr/> 196,362	<hr/> 20,800
<b>CASH AND CASH EQUIVALENTS – ENDING</b>	<hr/> 107,192	<hr/> 57,397

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

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**QUIZAM MEDIA CORPORATION****CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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	Number of Common Shares	Amount \$	Reserves \$	Share Subscriptions Received \$	Deficit \$	Total \$
<b>As at May 31, 2023</b>	<b>42,906,845</b>	<b>26,171,042</b>	<b>3,320,463</b>	<b>-</b>	<b>(29,895,044)</b>	<b>(403,539)</b>
Comprehensive loss for the year	-	-	-	-	(102,776)	(102,776)
<b>As at August 31, 2023</b>	<b>42,906,845</b>	<b>26,171,042</b>	<b>3,320,463</b>	<b>-</b>	<b>(29,997,820)</b>	<b>(506,315)</b>
<b>As at May 31, 2024</b>	<b>58,906,845</b>	<b>26,651,042</b>	<b>3,320,463</b>	<b>-</b>	<b>(30,604,914)</b>	<b>(633,409)</b>
Comprehensive loss for the year	-	-	-	-	(38,902)	(38,902)
<b>As at August 31, 2024</b>	<b>58,906,845</b>	<b>26,651,042</b>	<b>3,320,463</b>	<b>-</b>	<b>(30,643,816)</b>	<b>(672,312)</b>

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

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**5. INVENTORY**

Inventory is comprised of the following

	August 31, 2024	May 31, 2024
	\$	\$
Finished goods	242,246	289,760
Less: Inventory write-down	(19,977)	(48,788)
<b>Total Inventory (lower of cost and NRV)</b>	<b>222,269</b>	<b>240,972</b>

The retail inventory expense for the period ended August 31, 2024 amounted to \$1,105,572 (2023 – \$1,103,942) which represents the purchased cost of retail goods sold and an inventory provision. Management records a reserve for impaired inventory based on estimates, past experience, condition of the inventory and regulatory changes. During the period ended August 31, 2024, the company recorded an inventory write-down in the amount of \$19,977 (Year ended May 31, 2024 - \$48,788) in relation to slow-moving accessories inventory.

**6. PROPERTY AND EQUIPMENT**

a) Continuity tables:

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Right-of-use Assets (Note 19)	Total
As at May 31, 2023	\$ 441,819	\$ 211,801	\$ 160,507	\$ 6,751	\$ 2,861,731	\$ 3,682,609
Additions	11,866	9,229	9,872	-	64,516	95,483
Lease terminations	-	-	-	-	(133,800)	(133,800)
As at May 31, 2024	\$ 453,685	\$ 221,030	\$ 170,379	\$ 6,751	\$ 2,792,447	\$ 3,644,292
Additions	-	-	2,771	-	-	2,771
Lease terminations	-	-	-	-	-	-
As at August 31, 2024	\$ 453,685	\$ 221,030	\$ 173,150	\$ 6,751	\$ 2,792,447	\$ 3,647,063

**Accumulated Depreciation**

As at May 31, 2023	\$ 434,041	\$ 140,985	\$ 120,505	\$ 6,352	\$ 1,150,782	\$ 1,852,666
Additions	6,938	23,463	15,181	399	398,886	444,867
Lease terminations	-	-	-	-	(95,769)	(95,769)
As at May 31, 2024	\$ 440,979	\$ 164,448	\$ 135,686	\$ 6,751	\$ 1,453,899	\$ 2,201,764
Additions	1,622	5,926	4,042	-	108,010	119,600
Lease terminations	-	-	-	-	-	-
As at August 31, 2024	\$ 442,601	\$ 170,374	\$ 139,728	\$ 6,751	\$ 1,561,909	\$ 2,321,363

**Carrying Amounts**

As at May 31, 2024	\$ 12,706	\$ 56,582	\$ 34,693	\$ -	\$ 1,338,548	\$ 1,442,529
As at August 31, 2024	\$ 11,084	\$ 50,656	\$ 33,422	\$ -	\$ 1,230,538	\$ 1,325,700

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**6. PROPERTY AND EQUIPMENT (continued)**

## a) Total depreciation expense

Total depreciation expense for the period relating to right-of-use assets was \$ 108,010 (2023 - \$98,203) which is presented in depreciation expense of \$119,600 (2023 - \$109,567) in the consolidated statement of operations and comprehensive loss.

**7. SHARE CAPITAL**

The Company has authorized share capital of an unlimited number of common voting shares without par value.

***Transactions during the year ended May 31, 2024:***

On December 12, 2023, the Company issued 7,410,100 units at a price of \$0.03 per unit for proceeds of \$222,303. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.15 per share. The Company's CEO subscribed for 1,600,000 units. Gross proceeds from this private placement of \$222,303 were allocated to share capital and \$Nil to warrants using the residual method.

On December 12, 2023, the Company issued 2,589,900 units at \$0.03 per unit to settle \$75,000 of debt with an arm's length creditor. Each unit included one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.15 per share for 24 months. At issuance, the market value of the shares was \$77,697, with a \$2,697 bonus paid to the creditor upon loan conversion.

On May 10, 2024, the Company issued 6,000,000 units at a price of \$0.03 per unit for proceeds of \$180,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.15 per share. The Company's CEO subscribed for 1,000,000 units. Gross proceeds from this private placement of \$180,000 were allocated to share capital and \$Nil to warrants using the residual method.

***Transactions during the year ended May 31, 2023:***

On June 3, 2022, the Company issued 4,000,000 units at a price of \$0.06 per unit for proceeds of \$240,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.20 per share. The Company's CEO subscribed for 755,000 units. Gross proceeds from this private placement of \$240,000 were allocated to share capital and \$Nil to warrants using the residual method. Of the \$240,000 gross proceeds, \$150,200 were received prior to May 31, 2022.

On August 19, 2022, the Company issued 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 twenty-four months at a price of \$0.10 per share. The Company's CEO subscribed for 800,000 units. Gross proceeds from this private placement of \$200,000 were allocated to share capital and \$Nil to warrants using the residual method.

On October 12, 2022, the Company issued 500,000 common shares with a fair value of \$20,000 to settle accounts payable of \$25,000 with an arm's length creditor. On completion of the debt settlement, the Company recorded a gain on settlement in the amount of \$5,000.

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**7. SHARE CAPITAL (continued)*****Transactions during the year ended May 31, 2023 (continued)***

On December 1, 2022, the Company issued 4,100,000 units at a price of \$0.05 per unit for proceeds of \$205,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.10 per share. The Company's CEO subscribed for 1,000,000 units. Gross proceeds from this private placement of \$205,000 were allocated to share capital and \$Nil to warrants using the residual method.

On March 9, 2023, the Company issued 3,000,000 units at a price of \$0.05 per unit for proceeds of \$150,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.10 per share. The Company's CEO subscribed for 650,000 units. Gross proceeds from the private placement of \$108,000 were allocation to share capital and \$42,000 to warrants using the residual method.

On March 9, 2023, the Company issued 1,200,000 common shares upon conversion of a \$60,000 convertible loan with an arm's length creditor.

On March 28, 2023, the Company issued 829,167 common shares with a fair value of \$24,875 to settle accounts payable of \$41,458 with an arm's length creditor. On completion of the debt settlement, the Company recorded a gain on settlement in the amount of \$16,583.

**8. STOCK OPTIONS**

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 exercise price must not be lower than the greater of the closing market prices of the common shares of the Company on the CSE on (a) the trading day prior to the date of grant of the stock options; and (b) the date of the grant of the stock options. 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, 2023	1,450,000	\$ 0.25
Expired/Cancelled	(1,450,000)	\$ 0.25
Outstanding, May 31, 2024	-	-
Expired/Cancelled	-	-
Outstanding, August 31, 2024	-	-



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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**9. 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, 2023	10,150,000	\$ 0.15
Expired	(2,000,000)	\$ 0.25
Issued	8,000,000	\$ 0.15
Balance, May 31, 2024	16,150,000	\$ 0.14
Expired	(4,000,000)	\$ 0.15
Issued	-	-
Balance, August 31, 2024	12,150,000	\$ 0.14

On August 31, 2024, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,050,000	\$0.10	December 1, 2024
2,100,000	\$0.10	March 9, 2025
5,000,000	\$0.15	December 12, 2025
3,000,000	\$0.15	May 10, 2026
<b>12,150,000</b>		

The weighted average remaining contractual life of the warrants outstanding as at August 31, 2024, was 1.33 years.

**10. 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 revenue from two primary industries, Software and Cannabis. Software includes revenue from training services, software sales and licensing sales. Cannabis includes retail product sales and consulting fee revenue.

(a) Training Services and UK On-Track TV sales and expenses for the period ended August 31, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Revenue	68,465	194,100
Expenses	(37,981)	(306,964)

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**10. SEGMENTED INFORMATION (continued)**

- (b) Software and Licensing sales and expenses for the period ended August 31, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Revenue	-	-
Expenses	-	-

- (c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the period ended August 31, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Retail sales	1,695,215	1,732,529
Retail inventory	(1,105,572)	(1,103,942)
Other expenses	(343,875)	(281,282)

The Company's operations are centralized whereby the Company's head office is responsible for the operational results. All of the Company's assets and revenues are in Canada.

**11. PRODUCT DEVELOPMENT COSTS**

- (a) On-TrackTV

The costs associated with development of the On-Track TV, which are included in expenses for the period ended August 31, 2024 and 2023, are as follows:

	2024	2023
	\$	\$
Salary, wages and fees	9,140	16,206
Production costs	3,750	4,500
	12,890	20,706

- (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 period ended August 31, 2024 and 2023, are as follows:

	2024	2023
	\$	\$
Software development costs	29,030	-
	29,030	-

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**12. RELATED PARTY TRANSACTIONS**

## (a) Key management compensation

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

	2024	2023
	\$	\$
Management fees	34,685	69,144
	34,685	69,144

For the period ended August 31, 2024 and 2023, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

## (b) Amounts due from related parties

The amount due from related parties as of August 31, 2024 \$382,923 (May 31, 2024 - \$204,137) is comprised of the following:

As of August 31, 2024, \$357,600 was due from (May 31, 2024 – \$178,814) a significant shareholder and companies owned by the shareholder, who is also a director and officer, and from a company owned by his relative. The amounts are non- interest bearing and due on demand.

As of August 31, 2024, \$1,692 (May 31, 2024 - \$1,692) was due from a company owned by a significant shareholder's close family member, and \$23,631 (May 31, 2024 - \$23,631) was due from the significant shareholder's close family members. The amounts are non- interest bearing and due on demand.

## (c) Loans payable to related parties

During the year ended May 31, 2023, the Company obtained a loan in the amount of \$135,729 (US\$100,000) from a director of the Company, which bears a simple annual interest rate of 6%, is guaranteed by the President of the Company, and repayable upon demand. As at August 31, 2024, total loan principal and accrued interest was \$136,500 (May 31, 2024 - \$ 136,500).

During the year ended May 31, 2023, the Company obtained a loan in the amount of \$49,675 from a company owned by a significant shareholder's close family member, which bears a simple annual interest rate of 10%, is unsecured and guaranteed by the President of the Company, and repayable upon demand. During the three months ended August 31, 2024, the Company secured an additional loan of \$130,863 at the same interest rate and paid \$1,113 in interest. Total expenses incurred during the period from June 1, 2024, to August 31, 2024, and used to offset loan amount was \$226,962. These expenses include, but are not limited to, rent, accounting services, parking, travel, and cellphone costs. The total loan amount outstanding as at August 31, 2024 was \$ 8,770 (May 31, 2024 - \$80,932).

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**12. RELATED PARTY TRANSACTIONS (continued)**

During the three months ended August 31, 2024, the Company obtained a USD \$56,000 loan from a company owned by a shareholder's close family member. The loan bears a simple annual interest rate of 10%, is unsecured and guaranteed by the President of the Company, and repayable on demand. There were no payments made by the company during the three months ended August 31, and total interest accrued for the period was \$9,670. As of August 31, 2024, the total outstanding loan balance was USD \$447,280 (May 31, 2024 - USD \$381,610, converted to CAD \$602,933 (May 31, 2024 CAD 520,515) using the year-end exchange rate.

(d) Related party transactions

During the period ended August 31, 2024, an amount of \$115,907 (2023 - \$344,403) was included in expenses for services provided by companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder.

The breakdown of expenses included in the consolidated statement of operations and comprehensive loss for the period ended August 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Accounting and legal	-	-
Investor and finance development	1,425	38,150
Management fees	34,685	69,144
Lease payments	6,000	6,000
Office and miscellaneous	1,435	16,970
On-Track TV development costs	-	-
Retail inventory cost	-	-
Research and development	21,580	73,825
Rent and parking	-	-
Software development costs	3,750	19,225
Subcontractors	-	-
Business development	8,220	32,495
Wages and benefits	38,812	88,594
	<u>115,907</u>	<u>344,403</u>

**13. CAPITAL MANAGEMENT**

As at August 31, 2024, the Company's capital currently consists of common shares, options and warrants for a total amount of (\$672,312) (May 31, 2024 - (\$633,409)). 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, retain cannabis operation and to ensure the growth of activities. The Company is not subject to external capital requirements.

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**14. LINE OF CREDIT**

As at August 31, 2024, 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, 2024, and 2023.

**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, due to related parties and loans 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:

	August 31, 2024 \$	May 31, 2024 \$
FVTPL (i)	107,192	196,362
Financial assets at amortized cost (ii)	429,637	249,221
Financial liabilities at amortized cost (iii)	(1,426,403)	(1,196,986)

(i) Cash and cash equivalents

(ii) Accounts receivable and amounts due from related parties

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

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

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

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

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

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

	Level	August 31, 2024 \$	May 31, 2024 \$
Cash and cash equivalents	1	107,192	196,362

At August 31, 2024, cash of \$107,192 (May 31, 2024 - \$196,362) is classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the year.

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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, 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 creditor 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, 2024:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable (excluding GST recoverable)	\$ 44,143	-	-	1,800	45,943

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at August 31, 2024, the Company had a cash balance of \$107,192 to settle current liabilities of \$1,907,542. The Company manages its ability to meet its short-term obligations through the capital management described in Note 13. The Company intends to meet its current obligations through funds to be raised via the private placement of shares and through related party loans. There can be no assurance of continued access to adequate equity funding.

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Contractual undiscounted cash flow requirements for financial liabilities as at August 31, 2024 are as follows:

	<1 Year \$	2-5 Years \$	Total \$
Accounts payable and accrued liabilities	678,200	-	678,200
Loans payable to related parties	748,203	-	748,203
Lease liabilities	458,179	1,046,835	1,505,014
	<u>1,884,582</u>	<u>1,046,835</u>	<u>2,931,417</u>

*Foreign Exchange Risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to exchange risk as some of its cash and related party loans are denominated in US dollars. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. As at August 31, 2024, the Company had net monetary liabilities of approximately \$748,203 denominated in US dollars of US \$534,288. A 10% increase in the US dollar to Canadian dollar exchange rate would impact the Company's net loss by approximately \$68,000 and a 10% decrease by \$76,000. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk.

*Price Risk*

In management's opinion, the Company is not exposed to significant price risk.

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Right-of use assets and lease liabilities consists of leases for office space and storefront locations. The lease liabilities have been discounted using a 7% interest rate.

Balance at May 31, 2023	\$	1,995,054
Additions		-
Additions for sublease		-
Adjustments		66,913
Interest expense		145,923
Lease payments		(556,392)
Lease terminations		(41,439)
Balance at May 31, 2024	\$	1,610,059
Adjustments		-
Interest expense		30,615
Lease payments		(135,660)
Lease terminations		-
Balance at May 31, 2024	\$	1,505,014
Less: current portion		(458,179)
	\$	1,046,835

The continuity of right-of-use assets is as follows

Balance at May 31, 2022	\$	1,710,949
Additions		64,516
Adjustments		-
Depreciation		(398,886)
Lease terminations		(38,031)
Balance at May 31, 2023		1,338,548
Adjustments		-
Depreciation		(108,010)
Lease terminations		-
Balance at May 31, 2024	\$	1,230,538



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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**(Expressed in Canadian dollars)

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**17. NET INVESTMENT IN SUBLEASE**

On April 20, 2023, the Company entered into a three-year sublease agreement with a third-party leasee for a store premise located in North Vancouver. The leasee pays fixed and variable lease costs estimated to be \$4,930 per month for the next year and \$5,015 per month for the third year. At commencement of the sublease, the Company recognized an investment in sublease of \$162,506 and derecognized ROU assets by \$148,595. The reconciliation of the Company's net investment in store sublease for the year ended May 31, 2024 is as follows:

Balance, May 31, 2022	\$	-
Addition to sublease		162,506
Interest income		647
<u>Lease payments received</u>		<u>(4,397)</u>
As at May 31, 2023		158,756
Addition to sublease		1,399
Interest income		9,660
<u>Lease payments received</u>		<u>(58,782)</u>
As at May 31, 2024	\$	111,034

The future aggregate sublease payments to be received under the sublease as at May 31, 2024 is estimated to be \$119,345 (2023 - \$176,539).

**18. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2024
Canadian statutory income tax rate	27%
<u>Net loss before tax per financial statements</u>	<u>\$ (38,902)</u>
Expected income tax recovery at statutory rate	191,665
Permanent differences and other	(31,542)
<u>Change in unrecognized tax assets</u>	<u>(160,123)</u>
Income tax recoverable	\$ -

The tax effects of temporary differences that give rise to significant portions of the potential deferred tax assets are as follows:

	2024
Deferred income tax assets:	
Non-capital losses carried forward	6,708,719
Property, equipment and other	4,561
Share issuance costs	8,543
	6,721,823
<u>Less: unrecognized deferred tax assets</u>	<u>(6,721,823)</u>
Net deferred income tax assets	\$ -

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**QUIZAM MEDIA CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

(Expressed in Canadian dollars)

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**19. INCOME TAXES (continued)**

The Company has approximately \$24,847,106 in Canadian non-capital losses for tax purposes which may be used to reduce income taxes in future years and will expire as follows:

<b>Year</b>	<b>Amount</b>
	<b>\$</b>
2026	834,329
2027	1,065,796
2028	1,255,435
2029	1,159,201
2030	980,292
2031	1,069,816
2032	1,039,129
2033	680,374
2034	885,536
2035	955,181
2036	1,278,023
2037	1,672,765
2038	1,023,436
2039	1,914,639
2040	1,403,326
2041	1,852,305
2042	3,273,832
2043	1,890,482
2044	613,209
<b>Total</b>	<b>24,847,106</b>

**20. CONTINGENCIES**

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.