



QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
February 29, 2024
(Unaudited)

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

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

(Expressed in Canadian dollars)

	As at February 29, 2024 \$	As at May 31, 2023 \$
ASSETS		
Current		
Cash and cash equivalents	52,778	20,800
Accounts receivable	50,123	40,181
Sales taxes recoverable	4,926	19,365
Prepaid expenses and deposits	87,235	77,217
Inventory (Note 3)	275,805	252,531
Total current assets	470,867	510,094
Investment (Note 18)	158,756	158,756
Property and equipment (Note 4)	1,457,139	1,829,944
Total assets	2,086,762	2,498,794
LIABILITIES		
Current		
Accounts payable and accrued liabilities	643,965	471,233
Sales taxes payable	—	—
Deferred revenue	32,930	14,219
Due to related parties (Note 10)	342,685	197,533
Lease liabilities – Current (Note 17)	222,672	432,363
Loan payable – Current (Note 16)	20,000	75,000
Government Loan payable – Current (Note 15)	—	60,000
Deposits Received	—	89,293
Total current liabilities	1,257,755	1,339,641
Lease liabilities – Long-term (Note 17)	1,435,561	1,562,692
Total liabilities	2,693,316	2,902,333
EQUITY		
Share capital (Note 5)	26,471,042	26,171,042
Share subscriptions received	—	—
Contributed surplus	3,320,463	3,320,463
Deficit	(30,398,059)	(29,895,044)
Total equity	(606,554)	(403,539)
Total liabilities and equity	2,086,762	2,498,794

Nature and continuance of operations (Note 1)

Contingency (Note 19)

APPROVED ON BEHALF OF THE BOARD ON April 10, 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)

	Three Months Ending February 29, 2024 \$	Three Months Ending February 28, 2023 \$	Nine Months Ending February 29, 2024 \$	Nine Months Ending February 28, 2023 \$
REVENUES				
Training services and software sales	57,224	117,711	231,351	324,183
Consulting fees	0	0	0	0
Retail sales	1,632,930	1,740,959	5,014,734	5,195,050
	1,690,154	1,858,670	5,246,084	3,670,603
EXPENSES				
Accounting and legal (Note 10)	16,246	15,641	164,724	156,403
Automobile	7,061	7,934	21,640	26,315
Bank charges and finance fees	90,002	77,732	239,219	194,549
Depreciation	119,477	129,351	360,498	392,395
Investor and finance development (Note 10)	9,107	38,630	58,872	127,501
Management fees (Note 10)	47,935	42,675	165,385	130,895
Office and miscellaneous	27,623	102,212	208,428	241,044
On-Track TV development costs (Note 9 and 10)	11,695	22,577	61,384	93,137
Regulatory fees	4,014	7,260	13,637	17,696
Research and development (Note 10)	62,508	34,390	224,066	117,895
Retail inventory (Note 3)	1,045,149	1,059,172	3,220,107	3,300,422
Software development costs (Note 9)	0	3,697	0	17,582
Subcontractors (Note 10)	22,011	62,691	113,786	249,035
Telephone and internet	6,338	9,096	19,328	26,142
Travel and business development (Note 10)	163,816	129,021	416,222	290,785
Wages and benefits (Note 10)	219,773	254,774	345,403	710,592
	1,852,754	1,996,694	5,932,699	6,092,659
LOSS BEFORE OTHER ITEMS	(161,571)	(138,025)	(685,586)	(563,387)
OTHER ITEMS				
Gain on Termination of Lease	0	0	2,999	4,001
Gain on disposal of Assets	0	0	36,191	0
Other income	52,885	0	144,411	0
NET LOSS AND COMPREHENSIVE LOSS	(109,716)	(138,025)	(503,015)	(559,386)
LOSS PER SHARE BASIC AND DILUTED	(0.00)	(0.00)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	45,219,208	37,877,678	45,219,208	37,877,678

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

(Expressed in Canadian dollars)

	Nine Months February 29, 2024 \$	Nine Months February 28, 2023 \$
OPERATING ACTIVITIES		
Net loss	(503,015)	(559,386)
Add back non-cash items:		
Depreciation	360,498	392,395
Gain from termination of leases	(2,999)	(4,001)
Gain from disposal of assets	(36,191)	–
Other income	(144,411)	–
Lease interest expense	75,236	95,038
	(250,881)	(75,954)
Changes in non-cash working capital items:		
Accounts receivable	(9,942)	(36,699)
Prepaid expenses and deposits	(10,018)	3,247
Sales taxes recoverable	14,439	10,456
Inventory	76,726	(45,886)
Accounts payable and accrued liabilities	168,235	(198,003)
Due to related parties	145,152	(63,042)
Convertible loan		19,946
Derivative liability		40,054
Loan payable		41,458
Deferred revenue	18,711	(3,258)
CASH USED IN OPERATING ACTIVITIES	152,422	(307,679)
FINANCING ACTIVITIES		
Issuance of common shares, net	300,000	645,000
Share subscriptions received	–	(85,200)
Loan repayments	(40,000)	50,168
Lease payments	(408,580)	(411,244)
CASH PROVIDED BY FINANCING ACTIVITIES	(148,580)	198,724
INVESTING ACTIVITIES		
Acquisition of property and equipment	117,430	(21,176)
Investment in film production	–	(75,000)
Settlement of deposit	(89,293)	–
CASH USED IN INVESTING ACTIVITIES	28,137	(96,176)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,978	(205,131)
CASH AND CASH EQUIVALENTS – BEGINNING	20,800	279,058
CASH AND CASH EQUIVALENTS – ENDING	52,778	73,927
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–

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QUIZAM MEDIA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2024 AND 2023
(Expressed in Canadian dollars)

	Number of Common Shares	Amount	Contributed Surplus	Share Subscriptions (Receivable) Received	Deficit	Total
As at May 31, 2022	25,277,678	25,313,167	3,278,463	150,200	(29,070,929)	(329,099)
Units issued for cash	12,100,000	645,000	–	(150,200)	–	494,800
Share issued for debt	500,000	25,000	–	–	–	25,000
Share subscriptions received	–	–	–	65,000	–	65,000
Net loss for the period	–	–	–	–	(559,386)	(559,386)
As at February 28, 2023	37,877,678	25,983,167	3,278,463	65,000	(29,630,315)	(303,685)
As at May 31, 2023	42,906,845	26,171,042	3,320,463	75,000	(29,895,044)	(403,539)
Units issued for cash	–	300,000	–	–	–	300,000
Net loss for the period	–	–	–	–	(503,015)	(503,015)
As at February 29, 2024	42,906,845	26,471,042	3,320,463	75,000	(30,398,059)	(606,554)

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2024 AND 2023
(Expressed in Canadian dollars)

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (the “Company”) was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “QQ”. The Company’s shares are also listed on OTC Markets Group (OTCQB) under the symbol “QQQFF”. The Company’s principal business activities consist of providing computer training and consulting services, marketing of a computer based educational program, film production, consulting services and cannabis retail sales. The Company has operated retail cannabis dispensaries since November 2019. The address of the Company’s corporate office and its principal place of business is Suite 650 – 609 Granville Street, Vancouver, BC, V7Y 1G6.

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 negative cash flows from operations. These factors form a material uncertainty that may cast 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. These interim consolidated financial statements do not include any adjustments related to the recoverability of assets and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s operations related to in-class training could continue to be significantly adversely affected by the effects of a COVID-19 pandemic. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Presentation

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

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, On-Track Computer Training Ltd., Quizam Entertainment LLC and Quantum 1 Cannabis Corp. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, have been eliminated on consolidation.

These interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

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3. INVENTORY

Inventory is comprised of the following:

	February 29, 2024 \$	February 28, 2023 \$
Finished goods	3,220,107	3,300,422
Total inventory (lower of cost and NRV)	3,220,107	3,300,422

Finished goods in the retail inventory expense for nine months ending February 29, 2024 amounted to \$3,220,107 (2023 – \$3,300,422). The reserve for impaired inventory is based on management estimates, past experience, condition of the inventory and regulatory changes.

4. PROPERTY AND EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Right-of-use Assets	Total
As at May 31, 2022	\$ 437,309	\$ 199,162	\$ 176,659	\$ 6,751	\$2,784,447	\$3,604,328
Additions	4,510	18,627	–	–	226,012	249,149
Lease terminations	–	(5,988)	(16,152)	–	(148,728)	(170,868)
As at May 31, 2023	\$ 441,819	\$ 211,801	\$ 160,507	\$ 6,751	\$2,861,731	\$3,682,609
Additions	8,637	4,580	9,872	–	–	13,217
Lease terminations	–	–	–	–	(133,800)	(133,800)
As at February 29, 2024	\$ 450,456	\$ 216,381	\$ 170,379	\$ 6,751	\$2,727,931	\$3,571,898
Accumulated Depreciation						
As at May 31, 2022	\$ 428,095	\$ 120,223	\$ 108,217	\$ 5,953	\$ 805,194	\$1,467,682
Depreciation ^(a)	5,946	24,122	19,416	399	466,684 ^(a)	516,567
Lease terminations	–	(3,360)	(7,128)	–	(121,096)	(131,584)
As at May 31, 2023	\$ 434,041	\$ 140,985	\$ 120,505	\$ 6,352	\$ 1,150,782	\$1,852,665
Depreciation	5,736	17,398	11,139	299	326,226	360,798
Lease terminations	–	–	–	–	(98,705)	(98,705)
As at February 29, 2024	\$ 437,958	\$ 152,778	\$ 127,602	\$6,552	\$ 1,270,292	\$1,995,182
Carrying Amounts						
Balance, May 31, 2023	\$ 7,778	\$ 70,816	\$ 40,002	\$ 399	\$ 1,710,949	\$ 1,829,944
Balance, Feb. 29, 2024	\$ 10,679	\$ 57,998	\$ 38,735	\$ 99	\$ 1,349,628	\$ 1,457,139

(a) Total depreciation expense for the period relating to right-of-use assets was \$326,226 (2023 - \$353,794) which is presented net of a \$nil (2022 - \$nil) rental subsidy (Note 17) for a total net depreciation expense of \$360,498 (2023 - \$392,395) in the consolidated statement of operations and comprehensive loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. SHARE CAPITAL

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

a) Transactions during the nine months ended February 29, 2024:

On December, 2023, the Company issued 10,000,000 units at a price of \$0.03 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 \$0.10 per share.

b) Transactions during the nine months ended February 28, 2023:

On June 3, 2022, the Company issued 4,000,000 units at a price of \$0.06 per unit for proceeds of \$300,000. 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. Proceeds of \$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.

On October 12, 2022, the Company issued 500,000 shares at a price of \$0.05 per share for settlement of debt of \$25,000.

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 650,000 units.

6. 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.

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6. STOCK OPTIONS (continued)

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

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2022	1,387,667	\$ 0.43
Granted	–	–
Expired/Cancelled	(45,000)	\$0.25
Outstanding, May 31, 2023	1,545,000	\$ 0.28
Granted	–	–
Expired/Cancelled	(1,545,000)	\$0.25
Outstanding, February, 2024	–	–

There were no outstanding stock options as of February 29, 2024.

7. 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, 2021	5,075,000	\$ 0.39
Expired	(3,075,000)	0.52
Issued	4,000,000	0.15
Balance, May 31, 2022	6,000,000	\$ 0.21
Issued	4,150,000	0.10
Balance, May 31, 2023	10,150,000	0.15
Issued	5,000,000	0.10
Expired	(2,000,000)	0.25
Balance, February 29, 2023	13,150,000	\$ 0.10

On February 29, 2024, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,000,000	\$0.20	June 4, 2024
2,000,000	\$0.10	August 20, 2024
2,050,000	\$0.10	December 01, 2024
2,100,000	\$0.10	March 11, 2025
5,000,000	\$0.10	December 01, 2025
13,150,000		

The weighted average remaining contractual life of the warrants outstanding as at February 29, 2024, was 1.06 years.

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8. 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 sales 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 nine months ended February 29, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Revenue	330,887	333,726
Expenses	(914,035)	(1,033,972)

- (b) Software and Licensing sales and expenses for the nine months and ended February 29, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Revenue	—	—
Expenses	(20,798)	(15,760)

- (c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the nine months and ended February 29, 2024 and 2023, respectively:

	2024	2023
	\$	\$
Retail sales	5,098,797	5,195,090
Retail inventory	(3,220,107)	(3,300,422)
Other expenses	(944,664)	(1,060,167)

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.

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9. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

The costs associated with development of the On-Track TV, which are included in expenses for the nine months ended February 29, 2024 and 2023, are as follows:

	2024	2023
	\$	\$
Salary, wages and fees	17,334	41,170
Production costs	4,500	47,323
	<u>21,834</u>	<u>88,492</u>

(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 nine months ended February 29, 2024 and 2023, are as follows:

	2024	2023
	\$	\$
Salary, wages and fees (management, programming and marketing)	–	–
Software development costs	20,798	15,760
	<u>20,798</u>	<u>15,760</u>

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10. 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	174,103	195,861

For the nine months ended February 29, 2024 and 2023, 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 February 29, 2024, \$380,682 (May 31, 2023- \$197,533) is comprised of the following;

At February 29, 2024, \$100,702 was owed by (May 31, 2023 owed to – \$28,527) 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.

At February 29, 2024, \$136,500 (May 31, 2023- \$136,500) was owed to a director of the company in relation to a loan obtained during the previous year.

At February 29, 2024, \$295,767 (May 31, 2023- \$32,506) was owed to a company owned by a significant shareholder of the company.

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(c) Related party transactions

During the nine months ended February, 2024, an amount of \$788,896 (2023 - \$805,291) 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 nine month periods ended February 29, 2024 and 2023 is as follows:

	2024 \$	2023 \$
Accounting and legal	–	64,700
Investor and finance development	64,160	108,960
Lease payments	18,000	–
Management fees	174,103	195,861
Office and miscellaneous	36,813	57,487
On-Track TV development costs	–	94,350
Research and development	235,495	161,495
Subcontractors	–	88,610
Travel and business development	83,567	
Business development	–	31,078
Wages and benefits	176,758	2,750
	788,896	805,291

QUIZAM MEDIA CORPORATION
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11. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of (\$606,554) at February, 2024 (May 31, 2023 – (\$403,539)). 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.

12. LINE OF CREDIT

As at February, 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 February 29, 2024 and 2023.

13. PRE-OPERATING COSTS

- a) In the 2022 fiscal year end the Company purchased a retail cannabis development permit from a third party in exchange for total consideration of \$971,000 that is payable in \$871,000 of cash and \$100,000 in common shares of the Company. As of November 30, 2022 the Company owes \$200,000 in future payments which are a commitment and are accrued for and included in accounts payable and accrued liabilities. The Company accounted for the \$971,000 purchase as pre-operating costs under IAS 38.69 that were incurred prior to opening its Cambie Street store location and these costs were expensed. The development permit is temporary in nature in that the City of Vancouver requires an application to renew the permit each year. The development permit was acquired prior to the Company signing a store lease and before the Company received provincial and municipal licenses for the Cambie Street store, and the lease and licenses are all necessary in order for the Company operate a cannabis retail store.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts 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:

	February 29, 2024 \$	May 31 2023 \$
FVTPL (i)	52,778	20,800
Financial assets at amortized cost (ii)	50,123	40,181
Financial liabilities at amortized cost (iii)	(2,660,385)	(2,888,114)

(i) Cash and cash equivalents

(ii) Accounts receivable

(iii) Accounts payable, loan payable, lease liabilities and amounts 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	February 29, 2024 \$	May 31, 2023 \$
Cash and cash equivalents	1	52,778	20,800

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.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 February 29, 2024:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable (excluding GST recoverable)	\$ 50,123	-	-	-	50,123

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 11. The Company has a working capital deficit and requires additional financing to fund operations.

Foreign Exchange Risk

The Company previously generated a portion of its revenues in the U.S. and the United Kingdom, and accordingly, the Company's foreign exchange risk arises with respect to the U.S. dollar and the British pound. Financial instruments that may subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 0% of the Company's revenues are denominated in U.S. dollars or British pounds during the nine months ended February 29, 2024 (2023 –0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. Fluctuation of foreign exchange rate between U.S. dollar, British pound and Canadian dollar is not considered to have a material impact on the Company's financial statements.

Interest Rate Risk

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

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15. GOVERNMENT GRANTS

Canada Emergency Wage Subsidy (CEWS)

The Federal Government of Canada passed legislation, providing Canada Emergency Wage Subsidy on April 11, 2020. CEWS is a wage subsidy for eligible Canadian employers whose business has been affected by COVID-19. The CEWS was originally for up to 24 weeks, retroactive from March 15, 2020 to June 6, 2020.

At February 29, 2024, an amount of \$nil CEWS (2023 – \$nil) was credit to wage and benefits in the consolidated statements of operations and comprehensive loss, an amount of \$nil CEWS (2023 – \$nil) was received before February 29, 2024. There are no unfulfilled conditions and outstanding contingencies regarding the CEWS.

Canada Emergency Rent Subsidy (CERS)

The Canadian government introduced the new Canada Emergency Rent Subsidy to provide direct relief to businesses, non-profits, and charities that continue to be economically impacted by the COVID-19 pandemic on October 9, 2020. The new rent subsidy was available from September 27, 2020 to November 2021. The qualifying organizations that have suffered a revenue drop would be eligible for a subsidy on eligible expenses, like rent.

At February 29, 2024, an amount of \$nil (2023 - \$nil) was received. The Company has applied the practical expedient of IFRS 16 for lessees in its consolidated financial statements for all rent subsidy beginning on June 1, 2020. For the nine months ended February 29, 2024, the Company recorded \$nil (2023 - \$nil) of rent subsidy as a reduction to interest (\$nil (2023 - \$nil)) and depreciation (\$nil (2023 - \$nil)) expenses. There are no unfulfilled conditions and outstanding contingencies regarding the CERS.

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16. LOANS

Canada Emergency Business Account (CEBA)

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Business Account (“CEBA”) which provides an interest-free loan (“CEBA loan”) of \$40,000 to eligible businesses.

During the year ended May 31, 2021, the Company received \$40,000 in accordance with the CEBA loan. In December 2020, the federal government of Canada introduced an expansion to the CEBA in the amount of \$20,000 (“CEBA expansion”) whereby eligible businesses can receive this amount in addition to the original \$40,000. The Company received the \$20,000 expansion to the CEBA loan in error as it is not considered a CCPC (Canadian Controlled Private Corporation). The \$20,000 CEBA expansion is recorded as a current loan payable.

As at February 29, 2024, the Company had repayed loan of the CEBA amounting \$30,000. Any loan balance remaining as at January 18, 2024 and the remaining balance has been forgiven as per the previous notice.

Loan from a private investor

During the year, the Company received a loan of \$75,000 from a third-party private investor which bears a simple annual interest rate of 10%, unsecured, with a maturity date of June 24, 2024. The proceeds of the loan are to be used for general working capital purposes. During the year, the Company accrued interest of \$3,750 and paid principal of \$nil. On December 1st 2023, the company entered into a shares-for-debt agreement totalling \$105,000 with the party to settle outstanding debt through the issuance of 3.5 million common shares for \$0.03 per share. On the same day agreement executed and loan was fully settled by issuing shares.

17. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Lease liabilities consists of leases for office space and storefront locations. The leases have been discounted using a 7% interest rate.

Balance at May 31, 2022	\$ 2,058,086
Additions	5,524
Interest expense	137,094
Lease terminations	0
Lease payments	(46,437)
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Balance at May 31, 2023	1,995,054
Additions	0
Interest expense	75,236.03
Lease terminations	(38,094)
Lease payments	(272,920)
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Balance at February 29, 2024	1,658,233
Less: current portion	(222,672)
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	\$ 1,435,561

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17. RIGHT-OF-USE ASSET AND LEASE LIABILITIES (continued)

As at February, 2024, the balance of the right-of-use asset is as follows:

Balance at May 31, 2022	\$ 1,979,253
Additions	419,922
Adjustments	46,134
Lease terminations	(268,560)
Depreciation	(466,684)
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Balance at May 31, 2023	\$ 1,710,949
Additions	0
Lease terminations	(35,095)
Depreciation	(326,226)
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Balance at February 29, 2024	\$ 1,349,628

18. NET INVESTMENT IN SUBLEASE

On April 20, 2023, the Company entered into a three year sublease agreement with a third-party Trancevape Canada Inc. for a store premise located in North Vancouver. Trancevape pays fixed and variable lease costs estimated to be \$4,876 per month for the first two years and \$4,960 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 February, 2024 is as follows:

Balance, May 31, 2022	\$ -
Addition to sublease	162,506
Interest income	5,837
Lease payments received	(42,852)
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As at February 29, 2024	125,491

The future aggregate sublease payments to be received under the sublease as at February 29, 2024 is estimated to be \$131,950 (2022 - \$nil).

19. 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.