QYOU Media, Inc.
Management's Discussion and Analysis
May 25, 2017

This Management's Discussion and Analysis ("MD&A") for QYOU Media Holdings, Inc. (the "Corporation") should be read with the audited consolidated financial statements as at December 31, 2016 and for the period June 14, 2015 to December 31, 2015 (collectively "Fiscal 2015"). The consolidated financial statements for Fiscal 2016 of the Corporation were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All amounts are expressed in Canadian dollars unless otherwise noted.

This document is intended to assist the reader in better understanding the operations and key financial results as of the date of this report. The consolidated financial statements and this MD&A have been reviewed by the Corporation's Audit Committee and approved by its Board of Directors.

Forward-looking Statements

This annual MD&A contains certain information that may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future financial position, business strategy and strategic goals, research and development activities, projected costs and capital expenditures, financial results, the ability to raise capital, taxes and plans and objectives of or involving the Corporation.

Without limitation, information regarding the Corporation's future cost structure, future sales and marketing activities, increased penetration into certain markets through strategic partnerships, the impact of the introduction of new products, the ability of management to leverage sales opportunities, increase in the size of certain markets, expected increases in revenue, expected revenue from certain contracts, customer rollout plans for specific products, expected increase in gross margins.

Corporation Overview

QYOU MEDIA Inc. ("QYOU Media" or "the Corporation") was continued into Ontario on March 29, 2017 from Alberta. Before that it was an inactive company awaiting a reverse takeover of the Ontario corporation, whose name it now bears. Its wholly owned subsidiaries held through QYOU Media Holdings Inc. had a financial year end on December 31st 2016, and the results of those operations only are reported on in this Discussion & Analysis. The subsidiaries ("Corporation") focus on the curation and programming of short-form video content from the Video-Everywhere age. The Corporation finds and licenses videos from around the world in categories ranging from factual to viral and everything in between; packaging them for linear and on-demand TV and video channels, playlist-driven mobile apps, custom shows and influencer marketing campaigns. Using sub-contracted production staff, production facilities and third-party contractors, the Corporation identifies sources for content material, records original video programming, edits content and prepares final video product for distribution.

In 2015, the subsidiary QYOU Media acquired certain contracts, trademarks and a broadcast license with QYOU International, through a newly incorporated Irish subsidiary, QYOU Ireland from Black Forest Production Services ("BFPS").

BFPS was incorporated in 2013 under the name QYOU TV, Inc., and changed its name when it sold some of its assets to QYOU Media in July 2015. QYOU Media was founded on June 15, 2015 with the goal of creating a 24/7 linear channel for Pay-TV featuring host-moderated content across a range of genres, including comedy, action, music and dance, and sport, in 2013. From November 2013 through May 2015, BFPS developed a library of internet-curated content and related production services and a Pay-TV linear channel capable of broadcasting curated content, which went live in October 2014 to demonstrate the look and feel of the product.

BFPS was granted a broadcast license by the Irish Broadcast Authority in 2014. BFPS is considered to be related party by way of common share ownership and an officer of the Corporation continues to serve as a director for BFPS.

Following the asset acquisition, the Corporation outsourced its production services to BFPS, accordingly the video production business remained within BFPS as a going concern and the assets acquired from BFPS were purchased for a payment of $25,000 in cash plus the assumption of liabilities in the amount of $56,454 resulting in the Corporation recognizing an indefinite life intangible asset (brand) for $81,454.

In July 2015, the subsidiary QYOU Media raised $10,395,765 on a private placement basis through the issuance of 20,791,530 units at $0.50 per unit. Each unit separated at closing and was comprised of one QYOU Share, one-half (1/2) of one QYOU 2015 Warrant and one QYOU penalty warrant, with each QYOU 2015 Warrant exercisable at a price of $0.75 per share within 30 months from July 15, 2015.

An additional subsidiary of QYOU Ireland, QYOU USA was established in August 2015 to undertake new production and coordinate the sourcing of content procurement both from BFPS and other suppliers. In addition, QYOU USA is examining the marketing potential into the United States of its products.

Description of the Business

QYOU is a content packaging and distribution company focused on the curation and programming of premium short-form made-for-web (i.e.; YouTube style) video content for the TV Everywhere age. Its low cost, multi-platform content offerings are designed primarily for millennials and distributed globally via satellite, cable, OTT, mobile carriers and other content distribution partners making it a leading next generation content company.

TV subscribers today are increasingly becoming cord-cutters, demonstrating a desire to view content on- demand on the device of their choosing. While Live TV continues to be the most popular service for consumers, Nielsen's 2015 Total Audience Report states that the amount of time adults spend watching it has gone down over the last few years, while the consumption of video content on computers and smartphones has increased.

In response, broadcasters have expanded their services, reaching customers' smart phones and other mobile devices through the "TV Everywhere" model. Under this model, TV subscribers, once authenticated, are allowed access to content on multiple devices as part of their subscription service.

In keeping with the "TV Everywhere" model, QYOU is offered as a linear channel ("The Q"), via subject specific programs, as video-on-demand, via mobile application and by other means of content distribution based on customer needs. The linear channel initially focused exclusively on distribution outside of North America, with an emphasis on high growth platforms like Mobile, OTT and Digital Terrestrial ("DTT"). QYOU has since expanded into app-driven and mobile experiences, curated playlists, custom show development, and marketing services.

Selected Annual Financial Information

This financial information has been prepared in accordance with IFRS as issued by IASB. For further information and significant accounting policies, please see Notes 2 of the audited consolidated financial statements as at December 31, 2016 and for the period June 14, 2015 to December 31, 2015 ("Financial Statements").

	Twelve months ended December 31, 2016	The period from June 14, 2015 to September 30, 2015

Selected Financial Information	**$**	**$**
Revenues	**$2,558,983**	**$1,028,101**
Content and production costs	3,485,455	2,379,399
Other operating expenses, net	4,736,099	2,785,077
Total Expenses	**$8,221,553**	**$5,164,476**
Net loss	**($5,662,570)**	**($4,136,375)**
Loss per share	**($0.13)**	**($0.10)**

	As at December 31, 2016	**As at December 31, 2015**
	$	**$**
Cash and Cash equivalents	256,549	5,232,367
Total assets	1,427,437	6,469,703
Total liabilities	1,268,314	916,717

Overall Performance

For the year ended December 31, 2015 consolidated results include the consolidated results of the Corporation from the period of June 14, 2015 through December 31, 2015. Thus, the 2015 results include approximately six months of operating activity. In 2014, the Corporation had no operating activity, accordingly no comparative amounts have been presented.

For the period ending December 31, 2016 revenues were $2,558,983 compared to revenue of $1,028,101 for the same period in 2015. The Corporation's revenues were derived from subscriber revenue of $1,645,968 and content and programming revenue of $913,015. Subscriber revenue represents 64% and content and programming represents 36% of the Corporation's total revenue.

For the year ended December 31st, 2016, consolidated revenue increased $1,530,882 or 149% due to organic growth of the Company's linear channel and expanded operations creating content and marketing campaigns for third parties as well as managing the launch and operations of TBD channel. Direct content and production costs increased $1,106,056 or 46%, selling and administrative expenses and non-content and production related costs (including non- cash expenses) increased $1,951,022 or 70% as compared to the same period in 2015. The net loss for the twelve months ended December 31, 2016 is $5,662,570 compared to net loss of $4,136,375 for the comparable period in 2015.

The Corporation ended the twelve months ended December 31, 2016 with cash and cash equivalents of $256,549 (December 31st, 2015 - $5,232,367). Cash used in operating activities was $4,604,941. In addition, the Corporation's cash usage from investing activities was $373,928. The Corporation did not have any financing activities for the period.

Operating segments:

The Corporation has one operating segment which is comprised of four different products and services:

- QYOU linear channel: A 24/7 channel featuring "best of web" content and available globally via traditional broadcast (cable/satellite) providers; Over the Top ("OTT") providers and mobile carriers
- Channel Management: This relates to the services provided to the Sinclair Broadcast Group for managing their new channel TBD which we expect to lead to other opportunities both inside and outside the US.
- Program Sales: This is the business of supplying genre specific programming to channels in territories around the world. This has been led to date by sports programming but we anticipate new strong categories to emerge as well.
- Influencer Marketing: This is the business of offering the support of talent both inside and outside of QYOU programming to promote the products and services of partners and third parties.

The Corporation's divisions, reported the following business developments in 2016 and early 2017 that management believes will have a significant impact on the Corporations future operations:

QYOU Linear Channel: Linear channel growth continues in territories around the world including recent agreements in India, Latin America, and Serbia. The most significant opportunities in 2017 will likely revolve around the OTT and mobile carrier space as the need for millennial offerings continues to expand.

Channel Management: 2017 only projects the business associated with the launch of TBD with Sinclair Broadcast Group. With that said, the unique and cutting edge launch of TBD should help drive both overall Corporation sales as well as propel new opportunities with similar broadcast groups outside the US market.

Program Sales: Recent agreements with companies in Africa, Portugal and the US have helped drive program sales opportunities around the world. While sports programming continues to dominate program sales, the Corporation expects new genres to emerge in 2017.

Influencer Marketing: This is an area that has been more opportunistic to date but one which the Corporation anticipates ramping up more aggressively in 2017 and beyond. The driving force for this will be the significant "over performance" of promised results in every launch to date.

Discussion of Operations
The following discussion includes and explanation of the primary factors in changes in operations for fiscal year 2016. Additional, less significant changes are not articulated.

Revenue

	Twelve months ended December 31, 2016	The period from June 14, 2015 to September 30, 2015
	$	$
Linear Channel	880,398	696,601
Programming	765,570	
Subscriber	**1,645,968**	**696,601**
Channel Management	674,376	
Influencer Marketing	238,639	331,500
Content and Program	**913,015**	**331,500**
Total Revenue	**2,558,983**	**1,028,101**

The Corporation has four sources of revenue; *linear channel* and *programming development for 3rd parties* which appear on the Audited financial statements as Subscriber; and *channel management* and *influencer marketing* as Content and Program revenue. In 2015, the Corporation only had Linear Channel and Influencer Marketing revenue.

For the twelve months period ended December 31, 2016, total revenue increased by $1,530,882 or 149% compared the corresponding period in 2015. During this period the Corporation expanded operations from an organization that relied solely on the distribution of its linear channel for revenue, to a business with multiple revenue streams. For the twelve months period ended December 31, 2016, linear channel revenue represented approximately 34%, third party program sales 30%, channel management 26% and influencer marketing 9% of the Companies total revenue. For the same period in 2015, 68% of the Companies revenue were derived from its linear channel and 32% from influencer marketing.
Linear channel revenue for the twelve months ending December 31, 2016 Increased 26%, from $696,601 to $880,398 when compared to the same period in 2015; Third party program revenue grew $765,570, Channel management by $674,376 and Influencer marketing revenue decreased by $92,861 or 28%.

The top 10 customers represented approximately 91% of sales for the twelve months ending December 31, 2016, with two customers representing 47% of sales.

Content and production costs

	Twelve months ended December 31, 2016	The period from June 14, 2015 to September 30, 2015
	$	**$**
Channel Delivery	$830,628	$402,969
Production expense	2,654,827	1,976,430
Total cost of sales	**$3,485,455**	**$2,379,399**

Content and production costs represents the costs of sales of earning the Corporation's revenue and is comprised of content development, production and delivery expenses. As of September 30, 2016 The QYOU has created approximately 5,000 hours of original programming.

In 2015 the QYOU entered into an operating lease with M7 for satellite, transponder and technical services. This agreement gives QYOU the ability to distribute its content throughout all of Europe, Middle East and Africa. Additionally, the Corporation uses a third party to deliver content via Internet protocol (IP).

For the twelve months ended December 31, 2016 content and production costs increased by $1,106,056 or 46% over the corresponding period in 2015 as a result of having continued operating for twelve months in 2016 as compared to only six months in 2015. As a percentage of total expenses, content and production costs was 42% for the twelve months ended December 31, 2016 compared with 46% for the same period in 2015.

Channel delivery costs for the year ending December 31, 2016 were $830,628 compared to $402,969 for the same period in 2015, representing a 106% increase. This increase is due primary to contractual increases associated with the Corporation's operating lease with M7 and other third party delivery costs.

Production and content cost represented 32% of the Companies total expenses for the twelve month ended December 31, 2016 and 38% over the corresponding period in 2015. Production expenses for the twelve months ended December 31, 2016 increased by $678,397 or 34% over the same period of 2015. The Corporation rapidly built a significant library of content for its linear channel from the Companies inception through June 30, 2016 and therefore required less production activity for the period of July 1, 2016 through December 31, 2016.

Selling, general and administrative cost

	Twelve months ended December 31, 2016	The period from June 14, 2015 to September 30, 2015
	$	$
Sales and marketing	$1,483,542	$714,092
Salaries and benefits	1,194,674	745,128
Legal and consulting	864,997	1,097,924
General and administrative	882,444	433,006
Total selling and administrative	**$4,425,657**	**$2,990,150**

Selling and Administrative expenses are comprised of sales and marketing, salaries and benefits, legal and consulting and general administrative cost.

Selling and admisitrative cost represented 54% of the companies total expenses for the twelve months of 2016 and 58% for the same period in 2015. For the twelve months ended December 31, 2016 selling and administrative cost increased by $1,435,507 or 48% over the corresponding period in 2015. During this time period, sales and marketing cost increased by $769,450 or 108%, salary and benefits increased $449,546 or 60%, and general & administrative costed increased by $449,438 or 104% over the same period in 2015. These increases in costs were offset by an $232,927 or 21% decrease in legal and consulting over the same period in 2015.

Foreign exchange gain

Foreign exchange loss of $307,638 is primarily driven by the movement of foreign exchange on transactions denominated in currencies other than the functional currency of the Corporation or its subsidiaries.

Intangible Assets Application Development Costs

On July 15, 2015, the Corporation acquired certain assets from Black Forest Production Services, USA, including the rights to the ‘QYOU’ brand and related intellectual property and assumed net liabilities of $56,454 for a cash payment of $25,000. Accordingly, a value of $81,454 has been allocated to the ‘QYOU’ brand.

QYOU Media, through its wholly owned Irish subsidiary QYOU International Ltd, Dublin, owns a Broadcast License granted by the Broadcast Authority of Ireland (“BAI”), to broadcast in Ireland and the European Union.

As of December 31, 2016 the Corporation invested $562,729 related to the development of application that will facilitate the delivery of its content through non-linear channels including mobile. As of December 31, 2016, the application remains in the development phase with plans to bring it to the market as a final product in 2017.

Intangible assets and capitalized development costs are comprised of the following:

	Intangible Assets $	Capitalized Development Costs $	Total $
Cost			
Balance, as at June 15, 2015	—	—	—
Acquisitions	81,454	—	81,454
Additions	—	206,845	206,845
Balance, as at December 31, 2016	**81,454**	**206,845**	**288,299**

	Intangible Assets $	Capitalized Development Costs $	Total $
Cost			
Balance, as at December 31, 2016	**81,454**	**206,845**	**288,299**
Additions	—	340,309	340,309
Balance, as at December 31, 2016	**81,454**	**547,154**	**628,608**

Depreciation and Foreign Exhange

	As at December 31, 2016	As at December 31, 2015
Depreciation	13,490	980
Foreign exchange gain	268,707	(128,635)

Other operating expenses include depreciation and foreign exchange gain.

Depreciation of capital assets is in relation to the Corporation's purchased computers and office equipment in the fourth quarter of 2015.

Interest/Other expense

QYOU Media has not incurred any long term debt since its inception. Interest/other income for the period ended December 31, 2016 was $10,687 as the result of subleasing office space to a third party.

Summary of Selected Quarterly Results

	2016	2015

	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016	31-Dec	30-Sep
	$	$	$	$	$	$
Linear Channel	212,233.00	141,747	215,426	310,992	359,279	337,322
Programming	242,467.00	277,222	95,054	150,827		
Subscriber	**454,700.00**	**418,969**	**310,480**	**461,819**	**359,279**	**337,322**
Channel Management	335,195.00	339,181	-	-		
Influencer Marketing	99,732.00	138,907	-	-	331,500	
Content and Program	**434,927.00**	**478,088**	**-**	**-**	**331,500**	**-**
Total Revenue	**889,627**	**897,057**	**310,480**	**461,819**	**690,779**	**337,322**
Operating expenses	**1,898,590**	**1,534,437**	**2,592,050**	**2,196,476**	**3,028,421**	**2,136,055**
Net loss	**-1,008,962**	**-637,380**	**-2,281,570**	**-1,734,657**	**(2,337,642)**	**(1,798,733)**

Over the past four quarters, revenue has changed for the following reasons:

QYOU Channel Management revenues began with the pre-launch revenues beginning in Q3 2016. This resulted in $674,376 of additional revenue. This growth will continue in 2017 as a full year of service will be recognized.

QYOU Program sales increased with additional sales from nil in 2015 to $765,570 for the twelve months of 2016. Sales and marketing for the QYOU Program Sales will remain a priority for 2017.

QYOU revenue is expected to be driven by a global set of customers with business across all four revenue categories (Linear Channel Sales/Channel Management/Program Sales/Influencer Marketing). We continue to expect growth in all four of these categories moving forward as the depth and breadth of our customer base grows.

Liquidity and Capital Resources

	December 31, 2016	December 31, 2015
	$	$
Current Assets	767,872	6,170,576
Current Liabilities	1,268,314	916,717
Working Capital	**(500,442)**	**5,253,859**
Total assets	1,427,437	6,469,703
Total Liabilities	1,268,314	916,717
Total Stockholders’ equity	159,123	5,552,986

The QYOU’s capital requirements consist primarily of working capital necessary to fund operations and support a rapidly growing business. Sources of funds available to meet these requirements include existing cash balances, cash flow from operations and capital raised through equity financing. The QYOU must generate sufficient revenue from operations to attract additional investment from the capital markets; failure to do so would adversely impact on the QYOU's ability to pay current liabilities.

Working capital is defined as current assets less current liabilities.

QYOU Media has not incurred any long-term debt or declared any cash dividend since its inception

As of December 31, 2016 the Corporation had a negative working capital balance of $500,442 compared to a working capital balance of $5,253,859 for the 2015 year-end.

Cash Flow Activity

Cash used in operations in the twelve months of fiscal 2016 was $4,604,941 and, the QYOU had a net cash balance of $256,549. For the period of June 14, 2015 to December 31, 2015 cash used from operations was $4,213,255 and had a year-end cash balance of $5,232,367.

For the twelve month period of 2016, investing activities utilized $373,928, of which 91% or $340,309 was for the development of a proprietary TV application. For the period of June 14, 2015 to December 31, 2015 cash used from investing was $243,653.

In the fiscal year 2015, financing activities generated $9,817,910 from a private placement through the issuance of 20,791,530 units at $0.50 per unit. For the twelve months of 2016 there was no financing activity.

Liquidity and Cash Resource Requirements

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

As at December 31, 2016, the Corporation has not yet achieved profitable operations, and has an accumulated deficit of $9.8 million and cash flow used in operating activities was $4.6 million for the twelve-month period ended December 31, 2016. Whether, and when, the Corporation can attain profitability and positive cash flows from operations have material uncertainty, which casts significant doubt upon the Corporation's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Corporation's ability to generate future profitable operations and obtain necessary financing to do so. While the Corporation has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in future on terms favourable for the Corporation. The Corporation will need to raise capital in order to fund its operations. This need may be adversely impacted by: uncertain market conditions, approval by regulatory bodies, and adverse results from operations. The Corporation believes it will be able to acquire sufficient funds to cover planned operations through the next twelve month period from anticipated revenue growth during fiscal 2017 and by securing additional financing through additional financing transactions and strategic options currently being explored. The outcome of these matters cannot be predicted at this time.

Commitments

The Corporation has one significant lease agreement which provides the Corporation with access to transponder and technical services for broadcasting purpose. The Corporation's commitment under this agreement is as follow:

	$
2017	760,479
2018	131,458
Total	**891,937**

Term of the contract is in Euro and has been translated at December 31, 2016 exchange rate of 1.41353.

Off Balance Sheet Arrangements

The Corporation did not enter into any off balance sheet arrangements during the period ended December 31st, 2016 nor has any off balance sheet arrangements as at December 31, 2016.

SUBSEQUENT EVENT – QYOU MEDIA'S REVERSE TAKE OVER ("RTO")

Subsequent to the year end, on February 22, 2017, the Company entered into a definitive agreement with Galleria Opportunities Ltd. ("Galleria") to combine QYOU Media and Galleria via the merger of a wholly owned subsidiary of Galleria Subco Inc. ("Galleria Subco") and QYOU Media which constituted a reverse takeover of Galleria by the shareholders of QYOU Media. The resulting merged company will continue as QYOU Media Holdings Inc. ("Amalco"). It is intended that the resulting company (the "Resulting Issuer") will continue to operate as QYOU Media Inc., and trade publicly on the TSX Venture Exchange ("TSXV") under the symbol "QYOU" (collectively the "Transaction").

The Agreement sets out the terms of the Transaction, including the following:

i) the property and liabilities of each of Galleria Subco and QYOU Media will become the property and liabilities of Amalco, which will own and hold all property and liabilities that each of the Galleria Subco and QYOU Media holds before the Arrangement becomes effective;
ii) each QYOU Shareholder shall be deemed to have exchanged such shareholder's QYOU Shares for fully paid and non-assessable Resulting Issuer Shares on the basis of 0.92 of a Resulting Issuer Share for each QYOU Share held;
iii) each holder of Class A Common Shares, QYOU warrants issued in 2015 Warrants, QYOU 2015 Compensation Options, QYOU Warrants comprising the QYOU Units, and QYOU Agent Compensation Options, shall be deemed to have exchanged such securities for Resulting Issuer Shares, Replacement Warrants, Replacement Compensation Options, Resulting Issuer Warrants, and Resulting Issuer Compensation Options on a one for one basis, entitling the holder thereof to acquire, Resulting Issuer Shares, on or before the applicable expiry date of the QYOU 2015 Warrants, QYOU 2015 Compensation Options, QYOU Warrants and QYOU Agent Compensation Options and shall be deemed to have exchanged such security holder's aforementioned security, as applicable, for which they were exchanged and at the same exercise price; and
iv) Galleria will become the holder of all of the outstanding securities of Amalco.

In conjunction with the RTO Transaction, immediately prior to the closing of the Transaction, Galleria completed, a short form financing ("Galleria Financing") brokered private placement of Galleria's equity units ("Galleria Unit") for $2,000,000 at a price of $0.50 per Galleria Unit resulting in 4,000,000 Galleria Units. Each Galleria Unit is comprised of one post-Consolidation Galleria share and one-half common share purchase warrant. Each whole warrant ("Galleria Warrant") provides the holder to acquire one post-Consolidation Galleria share at a price of $0.75 per share for a period of 24 months following the closing of the Galleria financing (collectively the "Galleria Financing"). Total number of Galleria common shares outstanding immediately prior to the Transaction is estimated at 7,085,400 of which 3,089,150 is outstanding prior to the Galleria Financing.

It was a condition of the Transaction that QYOU Media was also required to complete a brokered private placement of QYOU Media's equity units ("Subscription Unit") of up to $2,000,000 at a price of $0.50 per QYOU Media Unit resulting in 4,000,000 QYOU Media Units. Each Subscription Unit shall automatically be exchanged without any additional consideration or action on part of the holder into units of QYOU Media ("QYOU Media Unit"). Each QYOU Media Unit comprised of one common share of QYOU Media and one-half common share purchase warrant. Each whole warrant ("QYOU Media Warrant") provides the holder to acquire one QYOU Media share at a price of $0.75 per share for a period of 24 months following the closing of the Transaction (collectively the "QYOU Media Financing").

The fair value estimate for the common share component of the QYOU Media Units (4,000,000 Units) was estimated at $0.45 per unit totalling $1,800,000.

The estimated fair value of the common share component of the QYOU Media Units was determined using the residual method. The estimated fair value of the warrants was based on the Black-Scholes pricing model, the fair value of warrants expected to be issued under the Financing, including warrants issued as a component of the compensation QYOU Media Units was $200,000 or $0.05 per each half warrant using the following assumptions:

Grant date share price	$0.45
Exercise price	$0.75
Risk-free interest rate	0.67%
Weighted average expected life of options (years)	2
Expected annualized volatility	100%
Expected dividend yield	nil

Pursuant to the closing of the RTO:

i) Galleria issued 58,981,809 common shares of the Resulting Issuer to QYOU Media shareholders exchanged on a one (1) for one (1) basis;
ii) Galleria further issued 3,869,000 Galleria Units at a price of $0.50 per unit. Each unit is comprised of one common share and one half of one warrant. in the capital of the Resulting Issuer to holders of warrants, stock options and other rights to acquire securities and compensation options of QYOU Media on a one (1) for one (1) basis with economically equivalent terms.

On closing of the RTO, the shareholders of QYOU Media held 58,981,809 (or 89.4%) of the common shares of the Resulting Issuer, while shareholders of Galleria held 6,958,150 (or 10.6%) of the common shares of the Resulting Issuer. Since Galleria did not meet the definition of a business under IFRS 3 – *Business Combinations* ("IFRS 3"), the acquisition was accounted for as the purchase of Galleria's assets by the Company. The consideration paid was determined as equity settled share-based payment under IFRS 2 – *Share-based payments* ("IFRS 2"), at the fair value of the equity of QYOU Media retained by the shareholders of Galleria based on the fair value of the QYOU Media common shares on the date of closing of the RTO which was determined to be $0.45 as noted above.

The Company's preliminary estimate of the listing expense that the Company expects to record subsequent to the year end is $1,572,916. The amount, subject to finalization, will be expensed in the Company's consolidated statement of net loss and comprehensive loss. The details of the preliminary estimate of the listing expense are as follows:

	$
Fair value of consideration paid:	
6,958,150 common shares of QYOU Media at $0.45 per share	1,390,118
Fair value of net assets of Galleria acquired by QYOU Media	324,309
	1,065,809
Other transaction costs	
Professional fees (1)	337,040
Filing and listing fees (1)	75,000
RTO listing expense	1,477,849

Amounts represents management's preliminary estimate and may be subject to change.

Related Party Transactions

Key management personnel and directors include the Corporation's CEO and CFO and members of the Board of Directors. The compensation paid or payable to key management and directors comprised the following:

- The Corporation paid nil consulting fees to a director for services rendered in the twelve period ended December 31, 2016 (the period from June 14, 2015 to December 31, 2015: $285,000).
- Black Forest Production Services ('BFPS') and the Corporation are considered to be related party by way of common share ownership and whereby an officer of the Corporation is also a director of BFPS.
- In 2015, the Corporation acquired the 'QYOU' brand and certain other assets and liabilities for a net payment of $25,000 and assumption of liabilities totaling $56,454 from BFPS.
- In addition, BFPS provides outsourced production services, on a cost plus basis, for the Corporation's videos under the terms of a production services contract. Total production costs incurred by the Corporation that was provided by BFPS for the twelve month ended December 31, 2016 was $2,338,866. For the period June 14, 2015 to December 31, 2015, the amount paid to BFPS relating to production costs totaled $1,752,270.
- As at December 31, 2016, total amounts due to BFPS was $62,562 and $114,117 as at December 31, 2015. The Corporation's payment terms to BFPS is due upon receipt and

is non-interest bearing.

Significant Accounting Policies and Critical Account Estimates

We describe our significant accounting policies and critical accounting estimates in Note 2 to the audited consolidated financial statements. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31st, 2016.

Future Accounting Policy Changes

The following accounting pronouncements issued by the International Accounting Standards Board ("IASB") were not effective as of September 30th, 2016. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation's consolidated financial statements:

IFRS 9 Financial Instruments: Classification and Measurement

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation has not yet begun the process of evaluating the impact of this standard on its interim condensed consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of reviewing the standard to determine the impact on the interim condensed consolidated financial statements.

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on the balance sheet for lessees. This standard is effective for annual reporting periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Corporation has not yet determined the impact on its interim condensed consolidated financial statements.

IAS 7, Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued an amendment to IAS 7 in order to clarify and improve information provided to users of financial statements about an entity's financing activities. This amendment is effective for annual periods beginning on or after January 1, 2017, and is to be applied prospectively. Earlier application is permitted. The Corporation has not yet assessed the impact this standard will have on the interim condensed consolidated financial statements.

Financial Instruments and Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, other receivable, accounts payable and accrued expenses and their carrying value approximates fair value due to their immediate or short-term maturity.

Risks and Uncertainties

The results of operations and financial condition of the Corporation are subject to a number of risks and uncertainties, and are affected by a number of factors outside of the control of Management. For a detailed discussion regarding the relevant risks and uncertainties, see the Corporation's annual MD&A and Annual Information Form for the year ended December 31st, 2015. There have been no changes during the period ended September 30th, 2016.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Corporation is exposed to the risk that the value of its financial instruments will fluctuate due to changes in exchange rates.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible over a twelve month period:

The Corporation holds balances in foreign currencies that could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the Canadian dollar foreign exchange rate against the USD or Euro would affect the reported loss and comprehensive loss by approximately $10,000.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the financial instruments. The Corporation minimizes credit risk on cash by depositing with only reputable financial institutions. The Corporation's primary credit risk is on its bank accounts whose balance at December 31, 2016 is held with major financial institutions as follows:

	2016 $	2015 $
In Canada		
- At financial institute	**10,912**	54,990
- In trust at legal counsel	**180,135**	4,930,200
In United States	**38,555**	76,484
In Ireland	**26,947**	170,693

The other credit risk is attributable to the $144,501 (December 31, 2015 - $177,208) of Harmonized sales tax and Value Added taxes receivable from the Federal Government of Canada and the Government of Ireland. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2016, the Corporation had cash and cash equivalents of $256,549 (December 31 - $5,232,367) to settle current liabilities of $1,267,814 (December 31 - $916,717).

Disclosure of Outstanding Share Data

The following table summarizes each of the equity securities outstanding as of the date herof:

Equity Security	Number Outstanding
Common Shares	52,412,836
Warrants	14,082,293
Stock Options	1,182,190