

BIG STICK MEDIA CORPORATION (BSM)

MANAGEMENT DISCUSSION AND AUGUST 31, 2009

The following discussion and analysis of Big Stick Media Corporation's ("BSM" or the "Company") financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the quarter ended August 31, 2009. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and represent results for the fiscal quarters ended August 31, 2009 and August 31, 2008. The consolidated financial statements for each such quarter represent the consolidated results and financial position of BSM and its various wholly-owned subsidiaries, IGC Entertainment Corporation ("IGC"), DBS Technology Corporation, DBS Limited Partnership ("DBS LP"), BSM GP Corporation, National Sports Services (IGC), Inc. ("NSS"), Corcom, Inc. ("Corcom") and LL Agency Corporation. The Company's audited 2008 consolidated financial statements and MD&A are available through the SEDAR website at www.sedar.com. All currency amounts represented herein are stated in Canadian dollars unless otherwise disclosed.

Forward-looking Statements

This management discussion and analysis contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated. Management considers the assumptions on which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect. The Company does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of any unanticipated events.

DESCRIPTION OF BUSINESS

BSM previously operated under the name DPC Biosciences Corporation. DPC and its former wholly-owned subsidiary, DPC Biosciences Inc., carried on business in the biotechnology industry. Activities were suspended in June 2001 with the closure of the laboratory in Ste-Foy, Québec. In October 2001, DPC Biosciences Inc.'s principal asset was sold and both the parent and the subsidiary became inactive. On December 20, 2005, the Company sold all of its shares in DPC Biosciences Inc. for total cash consideration of \$10 payable on that date.

In February, 2006 the Company commenced a process of re-activation (the "Reactivation") with the goal of having its listed shares transferred from the NEX board to the Tier 2 board of the TSX Venture Exchange (the "Exchange"). To facilitate the Reactivation process, the Company completed two non-brokered private placements in January and February of 2006 that collectively generated subscription proceeds of \$450,000. On August 24, 2006, the Company's shareholders approved the Reactivation and on September 12, 2006, the Company received the final approval of its Reactivation from the Exchange.

Pursuant to such Reactivation, the Company was renamed iGaming Corporation and its common shares began trading on the Exchange (effective September 14, 2006) under the stock symbol "IGA". Furthermore, as set forth in further detail below, the Company adopted a business model involving the sale of fact-based and opinion-oriented information relevant to the North American sports industry. In June of 2007, the Company was further renamed as Big Stick Media Corporation and its stock symbol was changed to "BSM".

On May 14, 2009, the shareholders of the Company approved a 5:1 consolidation (the "Share Consolidation") of the Company's common shares. As such, references below to numbers of common shares and per share amounts are detailed as to whether they represent pre-Share Consolidation figures or

Post-Consolidation figures. Generally speaking, for transactions completed prior to May 14, 2009 and which do not entail dilutive securities that remain outstanding as at the date hereof, we have employed the share arithmetic that prevailed prior to the Share Consolidation.

ASSET ACQUISITIONS AND FINANCINGS

1. In conjunction with the Reactivation, on September 13, 2006 the Company completed the acquisition of certain assets (the "IGC Acquisition") from Global Marketing Focus, Inc., a privately held British Columbia company, which assets are utilized to derive revenues from the online sale of information relevant to the North American sports industry. The consideration paid for such assets consisted of (a) \$500,000 in cash; (b) 6,500,000 treasury-issued common shares at a deemed price of \$0.20 per share; and (c) the assumption of a deferred revenue obligation of \$292,490. The effective date of the IGC Acquisition was September 1, 2006.

Concurrent with the Reactivation, the Company completed a private placement (the "First Private Placement") pursuant to which it issued 21,750,000 units consisting of 21,750,000 common shares (issued from treasury) and 10,875,000 common share purchase warrants at a price per unit of \$0.20 for gross proceeds of \$4,350,000. The 10,875,000 common share purchase warrants were exercisable at a price of \$0.30 for a period ending on February 23, 2008. All of the warrants issued in conjunction with this financing expired unexercised and are thus null and void.

2. On November 6, 2006, the Company completed an acquisition of certain assets of National Sports Services, Inc. ("National"), a Nevada-based sports information company (the "NSS Acquisition"). The purchased assets include customer lists, certain cash balances and merchant reserves, software and various fixed assets. The effective date of the acquisition was October 1, 2006.

The agreement of purchase and sale associated with the NSS Acquisition, as amended, stipulated that the aggregate purchase price for the acquired assets was to be a maximum of \$4,971,701 to be paid in three components. The first component of the purchase price (the "Initial Consideration") was paid by the Company via its assumption of certain of National's net working capital liabilities (including deferred revenue) in the amount of \$1,692,917. The second component of the purchase price (the "Cash Consideration") consisted of a cash payment of \$300,000 that was made to National based on the attainment of certain revenue targets. The third component of the purchase price (the "Stock Consideration") was payable to National in the form of common shares of the Company (issued from treasury) based on the acquired assets meeting or exceeding specified revenue targets for the eight years comprising the fiscal years ending November 30, 2007 and November 30, 2008. The aggregate amount of Stock Consideration available to be paid was to be equal to the excess of the maximum purchase price over the sum of the Initial Consideration and the Cash Consideration (i.e. \$2,978,784).

In accordance with the terms of the Stock Consideration, the Company became contingently obligated to issue the Stock Consideration of \$2,978,874 over the eight quarters comprising the fiscal years ending November 30, 2007 and November 30, 2008. Any shares to be issued in respect of this agreement were to be issued at a deemed price per share of \$0.35. Accordingly, the Corporation was contingently obligated to issue a maximum of 8,511,068 common shares from treasury. Ultimately, the full amount of reserved shares was issued by the Company to National.

3. On December 11, 2006, the Company completed the purchase of certain of the assets related to the fantasy sports website www.rotoplay.com from RotoPlay, Inc. (the "Rotoplay Assets"), a Pennsylvania-based corporation specializing in the online fantasy sports industry. The purchase of the RotoPlay Assets which offer a wide variety of unique and innovative fantasy sports contests based on football, baseball, basketball, golf, and auto racing, provided the Company with significant exposure to the increasingly popular fantasy sports industry. The RotoPlay Assets included all customer databases, all hardware and software associated with the Rotoplay website and all related intellectual property. Except for the

assumption of customer deposits, the Company did not assume any other liabilities, obligations or commitments of RotoPlay Inc.

The aggregate purchase price of this transaction was ultimately determined to be US\$275,000 (\$320,283) with US\$242,000 (\$282,370) paid in cash and US\$33,000 (\$37,913) paid via the assumption of customer deposits.

On October 22, 2008, the Company sold all of the Rotoplay Assets to Pressure Packed Sports Inc. ("PPS"), a resident of Pennsylvania. In consideration for the assets, PPS assumed the customer deposit liabilities associated with the website's operations in the amount of \$16,331 as well as the prize payout obligation with respect to in-transit fantasy sports contests in the amount of \$10,407. In addition to the liabilities assumed, PPS was obliged to pay \$11,651 (US\$10,000) on April 22, 2009 and did so on or about such date. Finally, PPS is contingently obligated to pay additional purchase price consideration to a maximum amount of US\$250,000 based primarily upon the subject assets' generation of operating income during the ensuing five year period. Upon disposition of the Rotoplay Assets, the Company recognized a loss on disposal of capital assets of \$100,445.

Due to the uncertainty of the Rotoplay Assets achieving the designated post-sale operating income targets, the Company did not accrue for or otherwise recognize the additional contingent consideration in its August 31, 2009 consolidated financial statements.

4. On May 11, 2007 the Company completed a private placement (the "Second Private Placement") pursuant to which it issued 5,750,000 Units consisting of 5,750,000 treasury-issued common shares and 2,875,000 common share purchase warrants at a price per Unit of \$0.20 for gross proceeds of \$1,150,000. The 2,875,000 common share purchase warrants were exercisable at a price of \$0.30 for a period ending on February 23, 2008. All of the warrants issued in conjunction with this financing expired unexercised and are now null and void. The Second Private Placement was undertaken to provide the working capital necessary to enable the Company to re-vamp and re-position its proprietary client-server based software application (branded as "Linetracker") that provided paying subscribers with continuously updating factual information relating to North American sports contests and their participants.

5. On July 16, 2007, IGC acquired certain assets related to the operation of the website domiciled at www.who2beton.com (the "W2 Assets"). The W2 Assets were deployed by IGC to sell additional opinion-oriented information relevant to the North American sports industry. The purchase price consisted of initial consideration of \$6,850 as well as additional consideration payable out of prospective operating income to be earned by the acquired assets until November 30, 2015. The maximum additional consideration that could have become payable was \$3 million. The terms of the asset purchase agreement provided IGC with the ability to re-sell the assets back to the vendor for an amount equal to the cumulative amount expended by the Company in marketing the purchased assets to the effective date of resale at any time between November 1, 2007 and November 30, 2008. On December 15, 2007, the Company exercised its re-sell right and transferred the W2 Assets back to the vendor. During the period of time that the Company operated the W2 Assets, it realized a net loss of \$87,199 which was classified as a project investigation cost on the November 30, 2007 consolidated financial statements. The Company and the original vendor of the W2 Assets have agreed on a payment schedule regarding the re-payment of marketing dollars spent by the Company during its period of operating the W2 Assets. The net present value of such deferred payments is \$47,182. This amount is reflected as a loan receivable on the consolidated balance sheet as at August 31, 2009.

6. On April 28, 2008, the Company completed the acquisition of all of the outstanding shares of Corcom, Inc. (the "Corcom Acquisition"), a Nevada based company which operates the Don Best Sports information service business. The base purchase price paid by the Company for the shares was US\$16,507,404 (\$16,745,178) with (i) US\$8,142,627 (\$8,261,442) payable in cash on the closing date; (ii) US\$4,500,000 (\$4,564,350) payable on the closing date via the issuance of either 22.5 million

common shares from the Company's treasury (each share having an anticipated deemed price of US\$0.20) or the issuance of common share purchase warrants (the "Corcom Consideration Warrants") providing the right to acquire 22.5 million common shares at nominal exercise price; and (iii) US\$2,045,000 payable in cash on each of the six month and twelve month anniversaries of the closing date. For accounting purposes, the deferred cash payments were discounted at a rate per annum of 7.6% such that the resulting net present value at the time of issuance was US\$3,864,777 (\$3,919,386). Each of the deferred cash instalment payments was made on the respective due date. In addition to the base purchase price, upon the closing date, BSM granted 4,753,476 common share purchase warrants (adjusted to 950,695 following the Share Consolidation) to the vendor providing for the purchase of common shares at an exercise price of US\$0.20 (adjusted to US\$1.00 following the Share Consolidation) for a period extending until April 28, 2010. For accounting purposes, the Company has ascribed a value of US\$681,368 (\$683,909) which amount has been included in the purchase price and credited to contributed surplus.

On the closing date for the Corcom Acquisition, the vendor elected to receive the Corcom Consideration Warrants in lieu of the underlying common shares. On June 26, 2008, the vendor exercised the Corcom Consideration Warrant. As such, 22,500,000 treasury common shares were issued and the related warrants were cancelled.

The aggregate purchase price accounted for by the Company in respect of the Corcom Acquisition was US\$ 17,249,320 (\$17,490,501) which amount is inclusive of US\$60,548 (\$61,414) of legal and related transaction expenses.

The summary of the Purchase Price is as follows:

Cash on closing	\$ 8,261,442
Stock consideration	\$ 4,564,350
Deferred cash payments	\$ 3,919,386
Value of warrants	\$ 683,909
Acquisition costs (including legal and others)	<u>\$ 61,414</u>
Total	<u>\$17,490,501</u>

The initial allocation of assets and liabilities inherited is set forth in the table below.

As April 28, 2008	US\$	\$
Assets and liabilities		
Cash	400,882	406,614
Accounts Receivable	11,531	11,696
Prepaid Expense and Deposit	85,316	86,536
Fixed Assets	846,693	858,800
Intangible - Customer List	4,419,181	4,482,375
Intangible - Technology	2,980,219	3,022,836
Intangible - Tradename	1,368,996	1,388,573
Accounts Payable and Accrued Liabilities	(740,176)	(750,761)
Deferred Revenue	(836,562)	(848,525)
Deferred Tax Liability	(582,789)	(591,122)

Net assets	7,953,291	8,067,022
Goodwill		9,423,479
Total purchase price		17,490,501

7. In order to facilitate the Corcom Acquisition, the Company completed a series of financings by private placement which closed on April 28, 2008 contemporaneous with the closing of the Corcom Acquisition.

The first such private placement entailed the issuance by the Company of 26,250,000 common shares at a price per share of US\$0.20 for aggregate consideration of US\$5,250,000 (\$5,325,075). Net of issuance costs, the proceeds to the Company were \$5,282,950.

The second private placement related to the issuance of an aggregate US\$4 million (\$4,057,000) of convertible debentures having a term of three years, an annual interest rate of 5% and conversion rights into common shares of BSM at a per share price of US\$0.25 (adjusted to US\$1.25 following the Share Consolidation). On September 1, 2008, the Company and the convertible debenture holders agreed that, given the fact that the Canadian dollar and U.S. dollar were trading at relative par and given the fact the Company's operative currency is the Canadian dollar, the currency of the convertible debentures would be changed to the Canadian dollar effective April 28, 2008. Accordingly, all future interest payments as well as the principal repayment obligations would be denominated in and effected in Canadian dollars.

As an additional inducement to the holders of the convertible debentures, the Company issued to such holders an aggregate amount of 4,000,000 common share purchase warrants (adjusted to 800,000 following the Share Consolidation) entitling the holders to acquire a similar number of common shares of BSM at a price of US\$0.30 (adjusted to US\$1.50 following the Share Consolidation) for a term of two years. The present value ascribed to the liability portion of the debentures at the time of issuance was \$2,221,305. Adding the accredited interest of \$479,550 and subtracting the actual interest paid or payable of \$116,667 generated a total liability of \$2,584,188 which was reflected as convertible debentures on the consolidated balance sheet as at November 30, 2008. The fair value of the conversion feature of the debentures totalling \$1,309,131 and the fair value of the attached warrants totalling \$469,564 were reflected in contributed surplus on the consolidated balance sheet as at November 30, 2008. The carrying value of convertible debenture liability as at August 31, 2009 is \$3,170,798.

8. On April 24, 2009, the Company completed a debt financing pursuant to which it raised US\$800,000. The proceeds were used to assist in the retirement of the final purchase price instalment payment owing in respect of the Corcom Acquisition. The new debt entails monthly principal and interest payments for the 12 months commencing on May 30, 2009 with full repayment by April 30, 2010. The annual interest rate applicable to this debt is 10%. There were no warrants or conversion rights attached to this debt. Affiliates of each of the Company's Chief Executive Officer and Chief Financial Officer provided aggregate loans of US\$300,000 as part of this debt facility.

NATURE OF OPERATIONS

The Company is involved in the sale of fact-based and opinion oriented information that is relevant to sports gaming in North America. The Company generates revenue through five primary divisions.

1. News Dissemination Service: The Company previously operated the Linetracker application that provided paid subscribers with continuously updating factual information relating to North American sports contests and their participants. The information included scores and statistics regarding in-progress and historical games, player statistics, injury updates, weather forecasts and betting lines offered by various licensed sportsbooks. Corcom was operating as a direct competitor to Linetracker while enjoying a substantially larger market share. Following the

Corcom Acquisition, the Company decided to fold up the Linetracker operations into Corcom and to support both customer bases on the Don Best Sports platform alone.

2. Call Center Handicapping Advice: The Company operates a call center in Las Vegas, Nevada that sells handicapping advice related to sporting events contested primary in North American sports leagues. The advice is sold either on a one-off basis relating to a single game or in relation to a package of games covering a particular time period or the entire season of a particular sports league. The advice is provided by sports handicappers who have built up a reputation over a number of years. The Company produces a television show (“Proline”) that airs on USA Networks as well as various internet sites during the National Football League (the “NFL”) season wherein the aforementioned handicappers analyze upcoming games and players. The television show advertises various BSM offerings and serves as the marketing arm to generate sales leads for the call center products.
3. Online Handicapping Advice: The Company owns and/or operates various operating websites (the “Websites”) and domain names that collectively provide factual information related to North American sports events, editorial content, betting line information and handicapping advice. Similar to the call center operations, handicapping advice is either sold on a one-off basis or based on a package covering a particular time or number of games. The most significant of the Websites are www.JimFeist.com, www.DonBest.com and www.g-picks.com.
4. Advertising: During the NFL season, the Websites receive a large proportion of their overall yearly traffic. While the level of traffic falls after completion of the NFL season, it remains reasonably significant in comparison to similar sites. The demographic of the typical visitor is an adult male with above average economic means who is a serious sports enthusiast. As such, the user base of the Websites matches the demographics typically sought by an array of companies catering to the sports enthusiast market. Accordingly, the Company was selling advertising space in the Websites to several such companies. During the year ended November 30, 2008, the Company stopped accepting third party advertising on its Websites. Accordingly, this revenue source is presently not applicable.
5. Fantasy Sports: Via its Rotoplay division, the Company was engaged in organizing and operating various fantasy sports contests catering to all of the major North American sports. The Company generated revenue by selling entry tickets to the various contests and it pays out cash prizes to contestants based on the performance of the fantasy teams they have selected. Given the Sale of the Rotoplay Assets in October of 2008, this revenue source ceased to be applicable. However, the Company has recently introduced some modest fantasy football contests under the Don Best brand for purposes of the 2009 NFL season which commenced in September of 2009.

RISKS

1. Legislative Environment: While the Company is not engaged in any gaming operations and neither handles nor administers any gambling transactions or customer deposits relating to gambling transactions, it provides information that is relevant to the sports gaming industry. The gaming industry is subject to periodic legislative changes that, while not affecting the Company’s business directly, do impact the environment in which it operates.
2. Operating History: The Company has a limited operating history within the sports information space. The operations in this sector to date have generated operating losses. As well, the Company’s previous activities within the biotechnology space generated significant losses. As a result, as at August 31, 2009, the Company’s consolidated balance sheet reflects an accumulated deficit of approximately \$18.38 million. As well, there can be no assurance that on a prospective basis operating income will be realized.

3. Competition: The Company is engaged in a highly competitive space of providing fact-based and opinion-oriented information relevant to the sports market. The competitors operate in Canada and the United States and, in certain cases, have greater financial wherewithal than the Company. In order to continue to compete effectively in the market the Company needs to continuously invest in and improve the capability of its technological platforms.
4. Limited Funds: While management feels that the Company has sufficient funds to execute its existing business plan and to continue to carry on its existing operations, should the Company wish to take advantage of certain merger and acquisition opportunities, it is likely that additional financing would be required. There can be no assurance that such financing would be available on terms acceptable to the Company.
5. Reliance on Key Personnel: The Company is highly reliant on certain key management personnel including the CEO, Christopher Kape, the CFO, Robbie Manis and the former President of NSS, Jim Feist who continues to serve as the primary handicapper for all advisory services marketed by the Company. The loss of any of these key employees would have a material adverse impact on the Company and its future prospects.
6. Foreign Exchange: While the Company's reporting currency is the Canadian dollar, it derives almost all of its revenues in U.S. dollars and the bulk of its operating expenses are denominated in U.S. dollars. Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar could have a material impact on the Company's operations and financial position. The Company does not currently have any hedging programs in place to mitigate this risk. There can be no assurance that the Company will not experience currency losses in the future which could have a material adverse effect on the Company.
7. Stock Price Volatility: The market price of the Company's common shares has experienced significant fluctuation that may continue in the future. The market price of the Company's common shares may be adversely affected by legislative changes, innovation or technological changes, the emergence of new competitors, yearly variations in revenues and results of operations and general market conditions.

RESULTS OF OPERATIONS

For the quarter ended August 31, 2009, the Company incurred a net loss of \$1,583,200 compared to a net loss of \$1,067,444 for the corresponding quarter of fiscal 2008. The net loss figure includes various non-cash accounting items including amortization expense, stock option compensation expense, accredited interest expense, gains on asset dispositions and net foreign exchange losses emanating from the movement of U.S. dollar. Set forth below is a table that reconciles the reported net loss with a figure that better represents the cash income or loss of the business (a modified EBITDA figure).

Income/(Expense) Item	August 31, 2009	August 31, 2008
Net Loss	(\$1,583,200)	(\$1,067,444)
Add: Amortization Expense	1,093,720	1,150,916
Add: Stock Option Compensation Expense	305,649	62,678
Add: Accredited Interest Expense	212,463	0
Add: Losses on Asset Dispositions	3,944	0

Add: Losses/(Gains) on Foreign Exchange	<u>10,246</u>	<u>26,042</u>
Subtotal	\$42,822	\$172,192
Add: Interest Expense Paid / Payable	<u>72,094</u>	<u>191,284</u>
Modified EBITDA	\$114,916	\$363,476

Set forth below is the summarized results of operations for the quarters ended August 31, 2009 and August 31, 2008.

For the Fiscal Quarter Ended	August 31, 2009	August 31, 2008
Total Revenues	\$2,356,010	\$2,919,764
Net Income/(Loss)	(\$1,583,200)	(\$1,067,444)
Modified EBITDA excluding non-cash items	\$114,916	\$363,476
Basic and Diluted Income per Common Share	(\$0.065)	(\$0.045)

Revenues

For the quarter ended August 31, 2009 the revenues totalled \$2,356,010 (2008: \$2,919,764) inclusive of interest revenue of approximately \$400. Approximately \$621,000 of the August 31, 2009 quarterly revenues were generated by the call centre and related operations in Las Vegas, Nevada. IGC and DBS LP collectively earned approximately \$1,678,000 from subscription and related revenues relative to the provision of real-time, fact-based sports information within the former Linetracker division as well as the enduring Don Best Sports division. Finally, the Websites operated by the Company collectively earned revenues of \$57,000 in relation to the sale of online handicapping advice.

The revenue recognized by the call centre operations represents the sum of opening deferred revenue that was earned during the period, additional sales made during the period less the portion of such sales that was deferred to the subsequent fiscal year. The bulk of the call centre advice sold is represented by packages of picks that cover entire seasons of North American sports leagues with the most significant of such leagues being the NFL. The Company follows the accounting policy of deferring and recognizing the cash receipts as revenue straight-line over the period during which the picks will be provided. Given that the NFL football season represents the busiest time for the call centre with the highest level of sales, as at November 30 of each year, the Company will have received significant sales proceeds the revenue in respect of which will be partially recognized in the first and second year of the following fiscal year. During the third quarter of each fiscal year, the Company will have sold football handicapping packages that will only be recognized as revenue once the season begins in September. As such, the balance sheet as at August 31 will typically reflect an inflated deferred revenue amount.

Furthermore, the Don Best Sports division often sells annual subscriptions in respect of which the revenue is recognized straight-line over the term of the particular contract. As a result, these divisions always have deferred revenue balances. Given that the months associated with the start of football season

receive a disproportionate share of the annual cash inflow, the deferred revenue balance is highest in those months and lowest during the summer months. As a result of the above, the deferred revenue as at August 31, 2009, just before the start of the football season will be relatively high.

As at August 31, 2009, the deferred revenue balance was \$3,042,046. Of the total deferred revenue balance existing as at August 31, 2009, \$2,985,711 will be recognized as revenue in the ensuing 12 months. There are no material deferred or prepaid expenditures related to the call centre or Don Best Sports operations on the consolidated balance sheet that will be expensed in the subsequent periods against such revenue. Accordingly, the entirety of this revenue recognition amount will be reflected in the gross profit of the subsequent periods.

Direct Costs

The direct costs for the quarter ended August 31, 2009 were \$308,390 (2008: \$355,471). These costs relate in large part to the costs incurred to produce the sports schedule that details upcoming games in the various North American sports leagues. These schedules are produced and mailed by the Company to its customer base. As well, included in this section are the costs of acquiring the information and data feeds from various services as well as the ongoing software development costs required to maintain the operating platform for the Don Best Sports feed service product. Finally, the cost of prizes awarded to contestants of the fantasy sports program are included in this category.

Selling Expenses

The total selling expenses for the quarter ended August 31, 2009 were \$355,288 (2008: \$448,358). The biggest component of the selling expenses is the commission paid to handicappers who provide the advice to clients and the salespeople who facilitate the sales. Generally, the handicappers receive a commission equal to 10%-12% of any call centre or Website sales attributable to the advice they have provided. For sales on online handicapping advice attributable to www.DonBest.com, the related handicapper commission varies by handicapper within a range of is 10%-40%. The salespeople in the call centre generally receive a commission equal to 25% of any sales attributable to them. The overall reduction in commission expense in the first quarter of fiscal 2009 is reflective of reduced call center revenues.

Despite the fact that the revenues produced in the call centre are often subject to deferral as discussed above, the entirety of the handicapper and salesperson commissions are expensed to cost of sales as incurred. This creates an accounting mismatch in the years in which the revenues and associated commission expenses are recognized.

The other significant components of the selling expenses is the cost of producing and airing of weekly television and radio shows as well as the customer service costs related to the fact-based information feed services product. Given that the quarter ended August 31 does not include any part of the NFL season the expense in the quarter includes only costs incurred in preparation of the forthcoming productions. Moreover, the Company eliminated its external customer service costs in fiscal 2009 due to the termination of an outsourced service agreement previously in place in support of the Linetracker division.

Administration Expenses

The administration expenses for the quarter ended August 31, 2009 totalled \$1,564,004. The corresponding figure for the first quarter of fiscal 2008 was \$1,752,459. The significant cost components of this item include salaries and related benefits and professional and consulting fees in the approximate amounts of \$1,240,000 and \$1,368,000 respectively. The salaries and consulting expenses have grown in the last 4-5 fiscal quarters due to the expanding scope of the Company's operations including the acquisition of Corcom. As well, the ongoing litigation contributed to a marked increase in the quantum of legal fees incurred by the Company in the quarter ended August 31, 2009. Given that the litigation has now been settled, we expect the legal fees to fall considerably in the forthcoming fiscal periods.

Furthermore, travel expenses, bank charges and payment processing fees as well as rent and office expense represent material components of this expense category.

Amortization Expenses

For its ended August 31, 2009, the Company recognized amortization expense of \$1,093,720 relating to the amortization of assets acquired in connection with the IGC Acquisition, the NSS Acquisition and the Corcom Acquisition. The corresponding figure for the quarter ended August 31, 2008 was \$1,150,915. The most significant component of the amortization expense is the systematic expensing of acquired intangible assets. Given the relatively short amortization period of three years for such assets, the Company has to date amortized a significant portion of the acquired intangible assets related to the IGC Acquisition and the NSS Acquisition.

Interest Expense

Interest expense for the quarter ended August 31, 2009 was \$284,557 (2008: \$191,284). The significant increase in fiscal 2009 relates to the issuance by the Company of convertible debentures and promissory notes in connection with the Corcom Acquisition. Of the total interest expense recognized \$72,094 was paid or payable in cash and \$212,463 was accredited interest.

Foreign Currency Translation Gains and Losses

The Company incurred a foreign currency translation loss of \$10,246 related to the fluctuation in the US\$/CAD\$ exchange rate. The corresponding figure for the quarter ended August 31, 2008 was a loss of \$26,042.

LIQUIDITY AND CAPITAL RESOURCES

On January 12, 2006, the Company completed the first round of a non-brokered private placement in the amount of \$150,000 at \$0.05 per share by issuing a total of 3,000,000 common shares of the Company.

On February 28, 2006, the Company completed the second round of the non-brokered private placement in the amount of \$300,000 at \$0.05 per share by issuing a total of 6,000,000 common shares of the Company. The effective date for such transaction was January 30, 2006.

Concurrent with the Reactivation, the Company completed the First Private Placement of Units pursuant to which it issued 21,750,000 common shares from treasury at a price per Unit of \$0.20 for gross proceeds of \$4,350,000. After payment of various share issuance costs, the net proceeds of the First Private Placement totalled \$3,930,414.

In May of 2007, the Company completed the Second Private Placement of Units pursuant to which it issued 5,750,000 common shares from treasury at a price per Unit of \$0.20 for gross proceeds of \$1,150,000. After payment of various share issuance costs, the net proceeds of the Second Private Placement totalled \$1,143,905.

The Company used a portion of the net proceeds from the First Private Placement to pay the cash portion of the IGC Acquisition, the NSS Acquisition and the purchase of the Rotoplay Assets. As well, it utilized further amounts to fund the operations during the fiscal periods following such financings. The proceeds of the Second Private Placement have been used primarily to achieve the desired market share growth for the Linetracker product.

To facilitate the Corcom Acquisition, the Company completed aggregate private placements of common shares and convertible debentures (with warrants attached) to raise US\$9.25 million before issue costs. These funds were used primarily to pay for the up-front cash portion of the purchase price and to pay for

the contract cancellation payment related to the termination of Linetracker's marketing services agreement.

To partially fulfill the repayment obligation on the second deferred purchase price instalment relative to the Corcom Acquisition, on April 24, 2009, the Company completed a debt financing of US\$800,000 which debt entailed interest at 10% per annum and a repayment schedule stretching over the ensuing 12 months.

As at August 31, 2009, the Company had available cash of \$1,267,269. In addition, the Company had merchant account balances and restricted cash of \$441,112 for a grand total of \$1,708,381. However, on September 9, 2009, the company effected principal and interest payments in the amount of \$550,000 related to the convertible debentures that materially reduced the available cash resources.

As further described in the financial statements that accompany this management discussion and analysis, there is uncertainty about the Company's ability to continue as a going concern. Since Reactivation, the Company's management has been able to finance its operations through equity and debt financing and cash on hand. There is no assurance that management will be able to continue to finance the Company on that basis.

Furthermore, should the Company identify acquisition targets in respect of which cash consideration is required, the Company may need to undertake additional financings in the future. Alternatively, the Company may raise additional funds via the exercise of outstanding options and warrants that have exercise prices of between \$1.00-\$1.50 per share. However, in light of the current trading price of the Company's common shares, any such exercise is presently unlikely.

SUBSEQUENT EVENTS

1. On September 9, 2009, the Company made the requisite principal and interest payment scheduled for August 31, 2009 in respect of its convertible debentures.
2. On September 13 2009, the final 155,515 common shares held in escrow were released by the escrow agent thereby terminating the escrow arrangements.

RELATED PARTY TRANSACTIONS

The Company is party to a consulting arrangement with a Company controlled by Christopher Kape, the CEO of the Company and a director. The agreement calls for annual fees of \$250,000 and a bonus entitlement at the discretion of the board of directors. In addition, Mr. Kape is paid a salary of US\$30,000 by each of NSS and Corcom. During the quarter ended August 31, 2009, the total compensation paid to Mr. Kape or his controlled corporation totalled \$78,560.

The Company is party to a consulting arrangement with a Company controlled by Robbie Manis, the CFO of the Company and a director. The agreement calls for annual fees of \$250,000 and a bonus entitlement at the discretion of the board of directors. During the quarter ended August 31, 2009, the total compensation paid to Mr. Manis or his controlled corporation totalled \$62,500.

During the quarter ended August 31, 2009, NSS paid or incurred consulting fees and other remuneration in the aggregate amount of \$78,499 owing to Jim Feist, a former director of NSS, and/or a Company controlled by Mr. Feist. Furthermore, Corcom paid Mr. Feist consulting fees and other remuneration in the aggregate amount of \$69,763.

Effective the fiscal quarter ending May 31, 2008, the Company instituted a policy of remunerating its non-management directors a fixed yearly fee in recognition of their attendance of various board meetings.

The quarterly fee was \$1,250 for each non-management director. Effective June 1, 2009, the quarterly fee was increased to US\$3,750 per independent director.

LITIGATION

1. Corcom had filed a complaint for damages and injunctive relief against certain competitors and their principals alleging trade secret misappropriation by all defendants, breach of contract by certain of the principals, and intentional interference with contract by two such competitors. Corcom had obtained a preliminary injunction preventing further misappropriation of trade secret information from the Don Best Sports web service operated by Corcom. Despite such injunction, one such defendant continued to misappropriate the trade secrets and was subsequently found to be in contempt of court. The court proceeded to award Corcom legal fees of approximately US\$20,000. However, it was envisioned that the defendant would appeal such award. Accordingly, no amounts were accrued in this respect in any financial statements filed by the Company. During the quarter ended August 31, 2009, the Company settled the outstanding claims with the competitors without payment by any party but with the acceptance on the part of the competitors to respect the exclusivity agreements held by the Company regarding its sole right to publish and market certain live information.
2. In January of 2009, one of the defendants in the Corcom litigation described in paragraph 1 above who was a former employee of Corcom, sued Corcom for breach of contract, breach of implied covenant of good faith and fair dealing, unjust enrichment and declaratory relief. In addition, such plaintiff named certain previous owners of Corcom as additional defendants and made specific additional claims against them. The claim was ultimately dropped by the plaintiff with no requisite amounts owing by either Corcom or the other defendants.

OTHER COMMITMENTS

1. The Company is presently party to two office lease agreements. The leased premises in support of the operations of NSS and Corcom had a term extending to May 31, 2011 with monthly payments of US\$17,753 until May 31, 2009; monthly payments of \$18,285 until May 31, 2010 and monthly payments of \$18,834 until May 31, 2011. During the quarter ending August 31, 2009, management renegotiated the previous lease terms to reduce the monthly rental payment and to extend the term of the subject lease. The revised rental terms are set forth below.

Lease Term	Rent per month
September 1, 2009 – August 31, 2010	\$14,250
September 1, 2010 – August 31, 2011	\$14,962
September 1, 2011 – August 31, 2012	\$15,710
September 1, 2012 – August 31, 2013	\$16,496
September 1, 2013 – July 31, 2014	\$17,320

The leased premises in support of the operations of the Company, IGC, DBS Limited Partnership, LL Agency Corporation, BSM GP Corporation and DBS Technology Corporation entails a monthly payment of \$2,630 on a month-to-month lease agreement.

2. The Company entered into an employment agreement with an employee on October 24, 2006 providing for an annual salary of \$85,000. The annual salary was increased to \$105,000 effective December 1, 2007. Upon transfer of the employee from the Vancouver, British Columbia office of the Company to its office in Las Vegas, Nevada, the agreement was revised to reflect an annual base salary of US\$115,000. The agreement is terminable as and when the employer and employee shall mutually agree. The Company agreed to make available to the employee for purchase by the employee up to \$20,000 of common shares to be purchased in each of 2007 to 2009 at a price to be determined by the board of directors.
3. The Company entered into an employment agreement with an employee on April 11, 2007 providing for \$120,000 of salary per annum (“Base Salary”) and variable compensation based on various initiatives (“Variable Compensation”). The agreement was revised on September 1, 2008 upon transfer of the employee from the Vancouver, British Columbia office of the Company to its office located in Las Vegas, Nevada. As part of the revision, the employee’s annual base salary was amended to US\$120,000 with the Variable Compensation becoming primarily based on the operating income of NSS. The agreement is terminable as and when the employer and employee shall mutually agree. If the termination of the Employee is other than for cause, where such termination occurs within the Employee’s first year of employment with the Corporation, the Employee will be paid a severance amount equal to one year of Base Salary plus any accrued but unpaid Variable Compensation. Where such termination occurs after the Employee’s first anniversary of employment but before the second such anniversary, the Employee will be paid a severance amount equal to 6/12ths of the annual Base Salary plus any accrued but unpaid Variable Compensation. Finally, where such termination occurs at any time after the Employee’s second anniversary of employment, the Employee will be paid a severance amount equal to 3/12ths of the annual Base Salary plus any accrued but unpaid Variable Compensation.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTROL SYSTEMS

Management has designed such disclosure controls and procedures, or caused such to be designed under management’s supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company.

Management has also designed such internal control over financial reporting, or caused it to be designed under management’s supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP.

During the course of interim and year end audits completed by the Company’s external auditor, certain control deficiencies were noted and communicated to the Company’s audit committee. Details regarding the material items are as follows:

1. Sales orders within the NSS call center are not pre-numbered thereby introducing that possibility that some orders are not accounted for thereby compromising the completeness of the revenue.
2. Due to the small size of the NSS accounting and administration department, optimal segregation of duties is not always employed.
3. The Company does not currently have in place an optimal system for maintaining employee files, pay rates, policies and evaluation history.

4. The Company has not implemented optimal policies or procedures regarding the processing of online sales and the safeguarding of electronic information emanating from such sale transactions.

While the above deficiencies were noted by the auditor, no incidence of material error or fraud was found. In any event, the Company is working diligently to address the internal control deficiencies and aims to have a much more robust system in place during the balance of the 2009 fiscal year.

OTHER INFORMATION

SUMMARY OF SECURITIES ISSUED IN THE QUARTER ENDED AUGUST 31, 2009

Date Issued	Type of Security	Type of Issue	Number	Price	Total Proceeds
June 2, 2009	Options to acquire common shares	Option grant	790,000	\$0.27	N/A

AUTHORIZED AND ISSUED CAPITAL FOR THE QUARTER ENDED AUGUST 31, 2009

Class	Par Value	Authorized Number	Issued Number	Amount
Common	No par value	Unlimited	23,992,020	\$23,803,682

As at November 30, 2008, there were 121,283,101 common shares outstanding. During the first two quarters of fiscal 2009, the Company purchased for cancellation 1,323,000 shares pursuant to its normal course issuer bid. Furthermore, as a result of the Share Consolidation, 95,968,081 shares were eliminated. As a result, there were 23,992,020 common shares outstanding as at August 31, 2009.

DETAILS REGARDING STOCK OPTION ACTIVITY FOR THE QUARTER ENDED AUGUST 31, 2009

The Company has a stock option plan (the "Plan") and has allotted and reserved up to 10% of the issued and outstanding common shares to be issued upon the exercise of options granted pursuant to the Plan. During the quarter ended August 31, 2009, the Company recognized stock option compensation expense of \$33,649 in relation to a pro rated portion of aggregate expense to be recognized in regards to options granted in the previous years. Furthermore, it recognized aggregate expense of \$272,000 in regards to the option grant effected in the third quarter of fiscal 2009. As at November 30, 2008, the Company had 5,450,000 options outstanding. During the nine month period ended August 31, 2009, 1,840,000 options were either cancelled or expired unexercised. Furthermore, as a result of the Share Consolidation, 2,920,000 options were eliminated. Finally, on June 2, 2009, the Company granted 790,000 fully vested new options to directors and employees of the Company. Accordingly, as at August 31, 2009, the Company had 1,480,000 stock options outstanding. The options entail a weighted average remaining contractual life of 4.27 years and an average exercise price of \$0.59.

DETAILS OF OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES OUTSTANDING AS AT AUGUST 31, 2009

Security	Number or Amount	Exercise Price	Expiry Date
Options	650,000	\$1.00	May 13, 2013
Options	40,000	\$1.00	September 3, 2013
Options	790,000	\$0.27	June 2, 2014

Convertible Debenture	\$4,000,000	US\$1.25	April 28, 2011
Warrant	800,000	US\$1.50	April 28, 2010
Warrant	950,695	US\$1.00	April 28, 2010

SHARES IN ESCROW OR SUBJECT TO POOLING AS AT AUGUST 31, 2009

<u>Security</u>	<u>Number or Amount</u>
Common shares	155,515

LIST OF DIRECTORS AND OFFICERS AS OF THE DATE HEREOF

Christopher Kape	Director, President & CEO
Robbie Manis	Director & CFO
Cam Di Giorgio	Director
Jonathan Moss	Director

BIG STICK MEDIA COMPANY

Date: October 7, 2009

Per: *signed "Christopher Kape"*
Christopher Kape, CEO