

QUIZAM MEDIA CORPORATION
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
August 31, 2008

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended August 31, 2008.

QUIZAM MEDIA CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited - Prepared by Management)

	As At August 31, 2008	As At May 31, 2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	169,189	68,877
Short-term investments	100,000	70,404
Accounts receivable	31,428	54,174
Prepaid expenses and deposits	6,502	9,546
Goods and services tax recoverable	4,072	7,381
Loans receivable (Note 16)	10,176	10,176
	321,367	220,558
Property, plant and equipment (Note 5)	33,368	37,982
	354,735	258,540
LIABILITIES		
Current		
Accounts payable and accrued liabilities	101,058	89,418
Deferred Revenue	-	6,567
Due to a related party (Note 14)	30,478	123,211
	131,536	219,196
SHAREHOLDERS' EQUITY		
Shareholders' deficiency		
Share Capital (Note 7)	7,647,797	7,218,221
Contributed Surplus (Note 10)	282,332	307,907
Deficit	(7,706,930)	(7,486,784)
	223,199	39,344
	354,735	258,540

Nature of Operations and Continuance of Business [Note 1]
Commitments [Note 17]
Subsequent Events [Note 18]

APPROVED ON BEHALF OF THE BOARD:

/s/ "Russ Rossi"

Russ Rossi, Director

/s/ "Jim Rosevear"

Jim Rosevear, Director

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

QUIZAM MEDIA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED AUGUST 31
(Unaudited - Prepared by Management)

	2008	2007
	\$	\$
REVENUES		
Training services and software sales	183,686	87,752
	<u>183,686</u>	<u>87,752</u>
EXPENSES		
Accounting and legal	42,079	44,500
Advertising and promotion	17,514	5,300
Amortization	6,036	7,501
Automobile	4,968	4,840
Bank charges and interest	834	1,040
Interest on related party debt	1,349	1,101
Management fees	18,000	18,000
Office and miscellaneous	13,391	24,387
On-Track development costs	52,066	35,500
Quizam software development costs (Note 13)	69,514	84,460
Regulatory fees	7,381	9,471
Rents	45,276	30,804
Subcontractors	23,338	697
Telephone and internet	7,039	5,510
Travel and business development	6,610	35,170
Investor/finance development	613	18,300
Wages and benefits	88,575	115,639
Stock based compensation (Note 8)	-	23,212
	<u>404,583</u>	<u>465,432</u>
Loss before other items	(220,897)	(377,680)
OTHER ITEMS		
Interest income	751	755
Loss for the quarter	(220,146)	(376,925)
Deficit, beginning of quarter	<u>(7,486,784)</u>	<u>(4,988,258)</u>
Deficit, end of quarter	(7,706,930)	(5,365,183)
Weighted average loss per share basic and diluted	(0.017)	(0.032)
Weighted average number of shares	13,172,401	11,703,594

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

QUIZAM MEDIA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED AUGUST 31
(Unaudited - Prepared by Management)

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net Income (loss) for quarter	(220,146)	(376,926)
Items not affecting cash:		
Amortization	6,036	7,501
Stock option benefit	-	23,212
	(214,110)	(346,213)
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	22,746	16,231
Decrease (Increase) in prepaid expenses and deposits	3,044	1,928
Decrease (Increase) in goods and services tax recoverable	3,309	(11,756)
(Decrease) Increase in accounts payable and accrued liabilities	11,640	(34,721)
(Decrease) Increase in deferred revenue	(6,567)	-
CASH USED IN OPERATING ACTIVITIES	(179,938)	(374,531)
FINANCING ACTIVITIES		
Repayments to related parties	(92,733)	(327,070)
Payment of capital lease obligations	-	(13,633)
Issuance of capital stock	404,000	554,749
Payments towards debt settlement	-	(8,400)
CASH PROVIDED BY FINANCING ACTIVITIES	311,267	205,646
INVESTING ACTIVITIES		
Redemption (purchases) of short term investments	(29,596)	(80,000)
Acquisition of capital assets	(1,421)	(4,130)
CASH USED IN INVESTING ACTIVITIES	(31,017)	(84,130)
INCREASE (DECREASE) IN CASH	100,312	(253,015)
CASH Beginning of period	68,877	371,243
CASH ending of period	169,189	118,228

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

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (formerly Torq Media Corporation) (the “Company”) was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company was classified as a Capital Pool Company as defined under the policies of the TSX-V until it completed its Qualifying Transaction.

On January 9, 2003, the Company acquired all the issued and outstanding shares of On-Track Computer Training Ltd. (“On-Track”), which served as the Company’s Qualifying Transaction pursuant to the policies of the TSX-V. Following this transaction, the Company changed its name from Marquette Capital Corp. to On-Track Learning Systems Ltd. On April 19, 2004, the Company changed its name to Torq Media Corporation. On May 17, 2005, the Company’s name was changed to Quizam Media Corporation. The Company’s principal business activity consists of providing computer training and consulting services and marketing of a computer based educational programme.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, assuming that the Company 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 had a history of significant losses, sizeable accumulated deficits and limited working capital. The Company’s ability to continue as a going concern may therefore be dependent on completing equity financing, obtaining support from related parties or generating consistent profitable operations in the future.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective June 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3031, “Inventories”. Section 3031 which introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The adoption of this standard did not have any material impact on the Company’s financial statements.

Effective June 1, 2008, the Company adopted CICA Handbook Section 3862, “Financial Instruments - Disclosure” and Section 3863, “Financial Instruments - Presentation” which replace Section 3861, “Financial Instruments - Disclosure and Presentation”. Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after October 1, 2007. The adoption of this standard did not have any material impact on the Company’s financial statements.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiary, On-Track. All inter-company transactions and balances have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to revenue recognition, the valuation allowance for future income tax assets and stock-based compensation.

(c) Foreign currency translation

Foreign currency denominated assets and liabilities of operations are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses are converted at the average exchange rate for the reporting period. Gains or losses on translation are included in operations.

(d) Cash and cash equivalents

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at the date of acquisition, that are readily convertible to known amounts of cash.

(e) Short-term investments

Short-term investments consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase. Short-term investments are recorded at the lower of cost plus accrued interest or fair market value

(f) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives at the following annual rates:

Automobile	5 years
Computer hardware	3 years
Furniture and fixtures	5 years
Library	5 years

(g) Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(i) Revenue recognition

Training revenues are recorded when earned, which is the date students attend a course, and when collectibility is reasonably assured. Support revenues are recorded when the related services have been provided and collection is reasonably assured.

License fees are recorded in the accounts when all conditions have been met under the license agreement, the licensee is satisfied with the operations of the software, and collection is reasonably assured.

(j) Stock-based compensation

The Company follows the recommendations in CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments", which provides standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. In accordance with these recommendations, stock options granted are recorded at their fair value over the vesting period as a compensation cost with a corresponding increase in contributed surplus. Agents' warrants issued in connection with common share placements are recorded as share issuance costs with a corresponding increase in contributed surplus. When the options and warrants are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

(k) Income (loss) per share

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income (loss) per share. The existence of warrants and options affects the calculation of income (loss) per share on a fully diluted basis. As the effect of this dilution is to increase the reported income per share and reduce the reported loss per share and diluted loss per share excludes all potential common shares if their effect is anti-dilutive, basic and diluted loss are the same.

(l) Development costs

Costs related to the enhancement of internally developed software are charged to operations as incurred until technological feasibility in the form of a working model has been established. The time period between the establishment of technological feasibility and completion of product development is expected to be short, therefore the Company has not capitalized any product development costs during the period.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

4. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2008, the Accounting Standards Board issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets and is effective for interim and annual periods relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	August 31, 2008 Net Book Value	May 31, 2008 Net Book Value
	\$	\$	\$	\$
Automobile	64052	64052	–	–
Computer hardware	318604	287015	31589	36350
Furniture and fixtures	69241	68959	282	–
Library	2721	1224	1497	1632
	<hr/>	<hr/>	<hr/>	<hr/>
	454618	421250	33368	37982
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6. LINE OF CREDIT

As at August 31, 2008, the Company has a line of credit in place of \$5,000 bearing interest at prime plus five percent. The line of credit is guaranteed by the assets of the Company, and as at the quarter end the amount of the line of credit used is \$NIL.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

7. SHARE CAPITAL

	Number of Shares	\$
Balance at May 31, 2007	10596309	5834633
For cash - Issued by private placement	500000	425000
For cash - Exercise of options	216307	120499
For cash - Exercise of warrants	1358444	702648
Issued as finders' fees	45302	38507
Share issuance costs	-	(38507)
Fair value of stock options exercised transferred from contributed surplus	-	135441
Balance at May 31, 2008	12716362	7218221
For cash - Issued by private placement	480000	360000
For cash - Exercise of options	55000	44000
Issued as finders' fees	36667	27500
Share issuance costs		(27500)
Fair value of stock options exercised transferred from contributed surplus	-	25575
Balance at August 31, 2008	13288029	7647796

- (a) On August 18, 2008, the Company completed a non-brokered private placement consisting of 480,000 units at \$0.75 per unit for proceeds of \$360,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$1.00 for the first six months and \$1.65 for the second six-month period, expiring on August 18, 2009. In connection with the private placement, the Company issued 36,667 shares as finders' fees with a fair value of \$27,500 and recorded as share issuance costs.
- (b) During the three months ended August 31, 2008, 55,000 options were exercised at \$0.80 for proceeds of \$44,000. The fair value, when granted, of \$25,575 was transferred to share capital from contributed surplus to reflect the exercise of these options.
- (c) During the three months ended August 31, 2008, there were no warrants exercised.
- (d) During the three months ended August 31, 2007, 151,000 options were exercised at prices ranging from \$0.50 to \$0.60 per share for proceeds of \$95,500. The fair value, when granted, of \$4,264 was transferred to share capital from contributed surplus to reflect the exercise of these options.
- (e) During the three months ended August 31, 2007, 889,521 warrants were exercised at prices ranging from \$0.22 to \$0.90 per share for proceeds of \$459,149.

Escrow

As at August 31, 2008, 16,020 common shares of the Company are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with without the consent of the regulatory

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

body having jurisdiction thereon. There were 16,023 common shares has been released on July 9, 2008.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
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8. STOCK OPTIONS

(a) Stock option plan and stock options issued

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the “Plan”). Under the Plan, the option price must not be less than the closing price of the common shares of the Company on the TSX Venture Exchange (“TSX”) on the day immediately preceding the date of grant less the applicable discount if any. The Company is a “Tier 2” TSX company therefore any option granted under the Plan must be exercised within a period of two years from the date of granting.

The number of options that may be issued under the plan is limited to no more than 10% of the Company’s issued and outstanding shares on the grant date.

Options vest immediately. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

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

	Number of shares	Weighted Average Exercise Price \$
Outstanding, May 31, 2007	439000	0.86
Granted	153000	0.80
Exercised	(216307)	0.56
Cancelled/expired	(228693)	1.15
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Outstanding, May 31, 2008	147000	0.80
Exercised	(55000)	0.80
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Outstanding, August 31, 2008	92000	0.80

(a) Stock option plan and stock options issued

At August 31, 2008, the following share purchase options were outstanding:

Number of Options	Exercise Price \$	Expiry Date
92000	\$0.80	November 20, 2008

The fair value for stock options granted was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	August 31, 2008	August 31, 2007
Risk free interest rate	–	3.93% – 4.56%
Expected life (in years)	–	1 – 2
Expected volatility	–	50% – 100%
Dividend yield	–	0%

(b) Stock-based compensation

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
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Total stock-based compensation expense recognized for stock options granted during the three month period ending August 31, 2008, was \$Nil (2007 - \$23,212) and was charged to operations for options granted to directors, officers and consultants of the Company.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

9. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of shares	Weighted Average Exercise Price \$
Balance, May 31, 2007	1448444	0.52
Issued with private placements	500000	1.10
Exercised	(1358444)	0.49
Expired	(90000)	1.30
<hr/>		
Balance, May 31, 2008	500000	1.10
Issued with private placements	480000	1.00
Balance, August 31, 2008	980000	1.05
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At August 31, 2008, the following share purchase options were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
500000	\$1.10 to Sept. 11, 2008 or \$1.75 to March 11, 2009	March 11, 2009
480000	\$1.00 to Feb 17, 2009 or \$1.65 to Aug 18, 2009	August 18, 2009

10. CONTRIBUTED SURPLUS

The following table summarizes the continuity of the Company's contributed surplus:

	Amount \$
Balance, May 31, 2007	372303
Fair value of stock options granted	71145
Fair value of stock options exercised and transferred to share capital	(135441)
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Balance, May 31, 2008	307907
Fair value of stock options exercised and transferred to share capital	(25575)
Balance, August 31, 2008	282332
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QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
(Unaudited – Prepared by Management)

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
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11. SEGMENTED INFORMATION

(a) Training Services and Software Sales for the three month periods ending:

	August 31, 2008	August 31, 2007
Revenue	183686	87752
Expenses	(277151)	(205863)
Profit (loss)	(93465)	(181,000)

(b) Software Licensing for the three month periods ending:

	August 31, 2008	August 31, 2007
Revenue	-	-
Expenses	(111681)	(258815)
Profit (loss)	(111681)	(258815)

12. LICENSE FEES

On August 31, 2006 the Company entered into an agreement with an African company for territorial distribution license for the Quizam educational software. The license fee was USD\$250,000, payable 90 days after translation of the program into Afrikaans. In addition, Quizam will receive 25% of gross profit, represented by sales less direct costs, from revenues generated in South Africa.

On November 30, 2006 the Company sold a territorial distribution license for the Gulf States of Qatar, Kuwait, Oman, Bahrain, Saudi Arabia and the United Arab Emirates. The license fee was USD \$500,000, payable 90 days after translation of the program into Arabic. In addition, Quizam will receive 25% of all revenues generated in the Gulf States.

As at May 31, 2007 the Company was uncertain of the collectability accounts receivable from these licences and wrote-off the balance of \$802,200. Refer to Note 21.

On November 16, 2007 the Company entered into an agreement with a British company for territorial distribution license for the Quizam educational software in the United Kingdom (England, Scotland, Wales, Northern Ireland and Southern Ireland). The license fee was CDN\$300,000, payable within 90 days of signing. In addition, Quizam will receive 25% of all revenues generated in the Territory.

On November 22, 2007 the Company entered into an agreement with another British company for territorial distribution license for the On-Track software in the United Kingdom (England, Scotland, Wales, Northern Ireland and Southern Ireland). The license fee was CDN\$150,000, payable within 90 days of signing. In addition, On-Track will receive 30% of all revenues generated in the Territory.

As the collection of these license fees is not reasonably assured, the Company has not yet recognized any revenues with respect to these licenses.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
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13. PRODUCT DEVELOPMENT COSTS

During the current year, the Company concentrated its efforts on the development and marketing of the Quizam educational software. This activity has resulted in a second version of the educational software, which has also been adapted for compatibility with the Mac platform format. The software has been actively promoted in the United Kingdom and various world markets.

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

	2008	2007
	\$	\$
Salary, wages and fees (management, programming and marketing)	63281	62983
Materials	-	53
Marketing	2833	18361
Advertising and promotion	3400	3063
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	69514	84460
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14. RELATED PARTY TRANSACTIONS

The following are related party transactions incurred in the normal course of operations:

The Company owes \$30,478 (May 31, 2008 - \$123,211) to a significant shareholder, who is also a director and officer. The loan is secured by the assets of the Company, bears interest at 12% per annum and is due upon demand.

Related party transactions not otherwise disclosed elsewhere in these financial statements were:

Management, administration, accounting and software development are provided by a company owned by a significant shareholder. \$109,429 (2007 - \$189,904) was paid for these services during this quarter.

Marketing and publicity fees totalling \$1,762 (2007 - \$16,792) were paid to a company owned by a relative of one of the directors.

Marketing and publicity fees totalling \$7,500 (2007 - \$11,000) were paid to relatives of one of the directors.

A significant shareholder was paid \$1,349 (2007 - \$1,101) in interest on loans to the Company.

These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.

15. CAPITAL DISCLOSURE

The Company's capital currently consists of common shares, options and warrants. As the Company is in the development stage, its principal source of funds 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 to be able to meet the Company's educational software development and internet training development to ensure the growth of activities.

QUIZAM MEDIA CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008
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16. LOANS RECEIVABLE

The Company has developed a program where it shares marketing and sales expenses with its licensees. Any monies advanced to licensees will take the form of an interest bearing loan and must be paid back to the company. Thus far £5,000 pounds have been advanced to the UK Licensee. The loans bear an interest rate of 4% annually.

17. COMMITMENT

The Company has signed an office lease through to October 2010 and is committed to the following minimum lease payments during the next three fiscal years under the lease for its premises:

	\$
2009	78016
2010	108648
2011	46267

18. SUBSEQUENT EVENTS

On September 16, 2008, the Company has signed a deal with the Ministry of Education in the Bahamas whereby 9 Secondary/Primary schools will use the Quizam software. The Company's strategy is to accelerate global use of the software. In exchange for waiving the \$2,000 Pilot Fee for 6 months the schools have agreed to give the Company student/teacher feedback on the software. If the schools purchase the software before the end of the 6 month pilot period they will receive a 25% discount.

Form 51-102F1
Management's Discussion & Analysis (MD & A)

Internal Controls and Procedures over Financial Reporting

The company's management is responsible for establishing and maintaining controls over financial reporting. The internal controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. The internal controls have an inherent weakness in that the accounting team is small and the work area is non-segregated. At this time it is not practical or cost efficient to increase the area or team.

The CEO and CFO continually review and oversee the accounting team to ensure reasonable controls and processes. They reconsidered their assessment of internal control financial reporting as of May 31, 2008, and concluded that, due to the inaccurate recording of foreign exchange, stock-based compensation, and the assessment of the collectability of certain receivables, there was a material weakness in internal control over preparation of financial reporting as of May 31, 2007.

In the financial statements for the year ended May 31, 2008, the company has restated the comparative financial statements for the year ended May 31, 2007, as described in note 21 of our annual financial statements. In addition the company has restated the financial statements for the interim periods ended November 30, 2007, and February 28, 2008, as described in section 1.15 of the company's annual MD&A.

Notwithstanding the above in July, 2008 the BCSC identified several reporting deficiencies on the part of the company. Management admits that there were deficiencies. We feel that future filings will be fully compliant and that the controls in place will give reasonable assurance that relevant and reliable financial information is available for reporting and for the preparation of financial statement in accordance with GAAP based on the following:

- 1) The review process with the BCSC has high-lighted the deficient areas. In future, in addition to a more stringent internal review of our disclosures, we will pay additional attention to the areas that the BCSC identified as deficient.

Forward-Looking Information

This MD&A contains "forward-looking information" that is based on management's expectations, estimates and projections as of the date of this MD&A. Forward looking information in this

MD&A can frequently be identified as incorporating such words as “plans”, “expects”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “may”, “could”,

“would”, “might” or “will”. This forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by the forward looking information in this MD&A. Actual results may vary materially from the forward looking information contained in this MD&A. The forward-looking information contained in this MD&A is based on the information available as of the date of this MD&A and we have no intention of updating them except as required by applicable securities law. Numerous events and circumstances could occur subsequent to the date of this MD&A that could cause the actual results, performance or achievements that may be expressed or implied by the forward-looking information.

Forward-looking statements are included in sections 1.2, 1.3, 1.5, 1.6, and 1.11. Examples of such forward looking information included in this MD&A include, but are not limited to, trends in the marketplace favoring both Quizam’s products; the demand for Corporate Computer training being fueled by the increased reliance on computers in the workplace; the demand for Academic Quizzing software increasing as the academic world becomes more and more competitive; parental/family demand for such a study tool will be significant; the trend of parents purchasing aids to improve children’s test scores continuing; growing use of the internet helping to improve the awareness and consequent demand for the Quizam product; demand for Quizam’s products increasing; the global increased use of cell phones and internet, together with an increased appreciation for education and training giving the company excellent strategic positioning; all future global License sales will be in Canadian dollars; there can be no assurance that the company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable; the company will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings; broadening of On-TrackTV; increasing our On-TrackTV sales team; inventory increasing in value; management anticipates more Country Licenses coming on board in the coming quarters.

All of the above forward looking statements are subject to significant risks and uncertainties. Certain material risk factors, that could cause actual results to differ materially from the forward-looking information contained in this MD&A include, but is not limited to fluctuations of the actions of competitors; the ability, fluctuations of exchange rates; the trading level of the company’s stock; the continued availability of financing on appropriate terms for future projects; the continued increase of commercial run rates; and a decline in market liquidity. Events and circumstances that occurred during the three month period ended August 31, 2008, which are reasonably likely to cause actual results to differ materially are the increased volatility of the global economy which could prevent the company from improving its cash position, improving profitability, increasing Country Licenses or completing necessary financings; decreased usage of the internet, cell phones, and PDA’s which could decrease demand for Academic Quizzing

software and Quizam's products; the inability to hire appropriate staff and the results of product development activities could prevent further revisions to the software and the development of new products.

Recent turbulence throughout the world's economies have increased equity and market volatility. Until the global economy stabilizes the forward looking statements and information included in the MD&A are even more uncertain.

1.1 Date of Information

October 29, 2008

1.2 Overall Performance

Overall, management is pleased with the performance of the On-Track and Quizam products. It appears that trends in the marketplace are favoring both of Quizam's products. The demand for Corporate Computer training is being fueled by the increased reliance on computers in the workplace coupled with the continued releases of new products from software producers like MicroSoft. The demand for Academic Quizing software is increasing as the academic world becomes more and more competitive. The company is discovering that parents are eager to purchase any aids available that might help their children score higher in school.

We see this trend continuing as preliminary test market advertising to parents of school children has shown positive results. Our training division continues to improve its performance and management feels we are gaining more market share every quarter. The Company has finished a complete set of On-Line Curriculum for its training division called On-TrackTV. Many corporations locally and abroad have shown interest in this high caliber video on demand learning system. We will continue to add to the library increasing the appeal and demand for this new medium in 2008 and 2009.

We are pleased with the introduction of On-TrackTV as it allows clients to now learn on-line. The technology is resource-consuming to build but once built it's very easy to deploy and is very profitable. On-Track's new radio campaign has significantly increased the number of inquiries resulting in increased business for On-Track. We have increased the utilization of our classrooms and the use of outside consulting and training at client sites. Our online bookings for On-Track have also increased significantly.

We are also adding administrative components to On-TrackTV which will broaden our corporate appeal. We are looking at broadening On-TrackTV to include other broadcasts such as CEO messages, compliance issues, and other customized corporate communication requirements for clients. We plan to increase our On-TrackTV corporate sales team and to sell the product to fortune 500 companies.

The company has also completed some radio advertising for the Quizam product. We have seen the Web hits and Web downloads for Quizam increase dramatically. We are pleased with the results and are now considering some TV advertising. We have also created some box packaging for Quizam and will be test marketing the product in retail outlets. We feel that the parental/family demand for such a study tool will be significant.

The company has been very effective in networking globally. Through international trade shows and internet marketing the company has been able to sign up license deals. Management feels that the growing use of the internet will help to improve the awareness and consequent demand for the Quizam product.

Management sees the demand for Quizam's products increasing. The global increased use of cell phones and internet, together with an increased appreciation for education and training will give the company excellent strategic positioning.

The company is continuing to add quizzes to its internet library. Many of the topics are classic and timeless. As this library continues to grow it becomes a valuable asset to the company. The company is exploring ways of accelerating the growth of this library either through corporate purchases of content or perhaps a "community" sharing model where quizzes can be added by global users. In either case management sees this inventory increasing in value as time goes on.

During the three month period ended August 31, 2008, the Company's working capital and cash positions increased. For the three months ended August 31, 2008, the Company also decreased its net loss.

1.4 Results of Operations

Revenue for the three months ended August 31, 2008, more than doubled to \$183,686 from \$87,757 during the three month period ended August 31, 2007. This increase is mainly attributable to a radio advertising campaign and strong consultant performances. Operating expenses decreased by \$60,850 (13%) from \$465,432 during the three month period ended August 31, 2007, to \$404,583 during the three months ended August 31, 2008. This decrease in operating expenses is mainly due to a general streamlining of operations. This resulted in a decrease in net loss of \$156,784 (42%) compared to \$220,146 for the same period last year.

The significant changes were as follows:

- Accounting and legal expenses are slightly down by 5% to \$42,079 (2007 - \$44,500). This is due to a reduction in the use of attorneys.
- Advertising and promotion increased by \$12,214 to \$17,514 (2007 - \$5,300). This was largely due to a new radio advertising campaign.

- Amortization was reduced to \$6,036 (2007 - \$7,501). There was no amortization for automobile, furniture & equipment in this quarter. They were fully amortized as of May 31, 2008.
- Office and Miscellaneous expenses reduced by 45% to \$13,391 (2007 - \$24,387). This was largely due to streamlining of offices systems and restructuring of photo-copying equipment to save on manual production and photo-copying.
- On-TrackTV costs increased by 47% to \$52,066 (2007 - \$35,500). This is a result of a great deal of development of the new On-Line Learning component of On-Track. We have developed much of this from scratch and therefore own the technology. This will save the company money in the future as no royalties will be paid to 3rd parties.
- Quizam software development costs were reduced by 18% to \$69,514 (2007 - \$84,460). Much of Quizam's major development is complete therefore not as much work was required this quarter as the three month period ended August 31, 2007.
- Regulatory fees are down by 22% because the company did not do as many financings and trading volume on the stock was down. Both of these factors helped to reduce regulatory fees.
- Rent is up by 47% to \$45,276 (2007 - \$30,804). This is a direct result of the Vancouver rental market being so tight that all rents have increased significantly.
- Subcontractor costs increased significantly to \$23,338 during the three months ended August 31, 2008 (2007 – \$697) due to increased use of sub-contractors. In 2008 we introduced new programs requiring outside sub-contractors. We only hire sub-contractors when the revenue is profitable and guaranteed. The cost of the sub-contractor is always built into the price of the job.
- Telephone and internet costs increased to \$7,039 (2007 - \$5,510) due to more long distance calls to our global partners and increased internet access from new customers downloading products.
- Travel and Business development is reduced by 81%to \$6,610 (2007 -\$35,170). This is largely due to a restructuring of the Quizam department and an elimination of road shows that historically did not produce results.
- Investor Finance Development was reduced by 97% to \$613 (2007 - \$18,300) as the company did not do any major financing road shows.
- Wages and benefits have been reduced by 23% to \$88,575 (2007 – \$115,639) as a result of streamlining and increased efficiencies.
- Stock based compensation was \$nil compared to \$23,212 for the same period last year as the company did not issue any options for the period.

1.5 Summary of Quarterly Results

The effect of applying the treasury stock method to the Company's loss per share calculation is antidilutive. Therefore basic and diluted losses per share are equal for the periods presented. For the quarters ended:

Description	August 31, 2008	May 31, 2008	February 28, 2008 Restated	November 30, 2007 Restated	August 31, 2007	May 31, 2007 Restated	February 28, 2007	November 30, 2006
Net Sales	183,686	143499	97509	130390	87752	216063	386592	306137
Income or (loss) before other items	(220,897)	(332836)	(348153)	(307947)	(377681)	(409521)	(186980)	13119
Net Income or (loss) for the period	(220,146)	(329869)	(347882)	(305102)	(376926)	(1209608)	(188234)	19207
Net income (Loss) before other items per share basic and diluted	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.04)	(0.02)	0.00
Income (Loss) per share basic and diluted	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)	(0.02)	0.00

Loss before other items and net loss decreased during the quarter ended August 31, 2008, from the year ended May 31, 2008, due to a general reduction of operating expenses brought on by a streamlining of operations. A new radio campaign led to increased revenue during the same quarter.

1.6 Liquidity and Capital Resources

The company's liquidity has increased from May 31, 2008 to August 31, 2008.

	August 31, 2008	May 31, 2008
Cash in the Bank	169189	68877
Short-term investments	100000	70404
Accounts & Loans Receivable & Prepaid		
Expenses	52178	81277
Account Payable & Accrued Liabilities	101058	89418

As at August 31, 2008, the company had cash of \$169,189 and working capital of \$189,832, compared to cash of \$68,877 and working capital of \$1,362 at May 31, 2008. The increase in cash and working capital during the three months ended August 31, 2008, is mainly attributable to the completion of a private placement during the period.

During the three months ended August 31, 2008, the Company used cash from operations of \$214,110 compared to \$346,213 for the three months ended August 31, 2007. The Company raised \$404,000 and \$554,749 through the issuance of share capital during the three month periods ended August 31, 2008 and 2007 respectively. The Company repaid

\$92,733 and \$327,070 to related parties during the three month periods ended August 31, 2008 and 2007.

During the year ended May 31, 2008 the Company used \$1,246,161 of cash for operating activities. The company has financed its operations mainly through the issuance of share capital. The company has raised \$1,248,147 and \$1,104,260 through the issuance of share capital during the years ended May 31, 2008 and 2007, respectively. The Company also received \$292,641 from related parties during the year ended May 31, 2007 and repaid \$274,387 during the year ended May 31, 2008.

The company has incurred losses as it continues to develop its software products. Though revenues are increasing the company continues to be dependant on its cash reserves and future financings.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay or scale back its software development and marketing. Any equity offerings will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Currently the Company has sufficient funds to meet its requirements for the coming year however it will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings.

1.7 Capital Resources

The company's only capital commitment is an office lease through October 2010. The minimum lease payments over the remaining lease term are \$78,016, \$108,648 and \$46,267 for fiscal 2009, 2010 and 2011 respectively.

1.9 Transactions with Related Parties

The following are related party transactions incurred in the normal course of operations:

The Company owes \$30,478 (May 31, 2008 – \$123,211) to Russ Rossi, who is a significant shareholder and a director and officer. The loan is secured by the assets of the Company, bears interest at 12% per annum and is due upon demand.

Related party transactions not otherwise disclosed elsewhere in these financial statements were:

- a) Management, administration, accounting and software development are provided by Blueskyview Software Corp., a company owned by Russ Rossi. \$109,429 (2007 - \$189,904) was paid for these services during this quarter.

- b) Marketing and publicity fees totaling \$1,762 (2007 – \$16,792) were paid to a TRC Management, a marketing company owned by the wife of Russ Rossi.
- c) Marketing and publicity fees totaling \$7,500 (2007 – \$11,000) were paid to relatives of Russ Rossi.
- d) Russ Rossi was paid \$1,349 (2007 - \$1,101) in interest on loans to the Company.
- e) These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.

1.11 Proposed Transactions

On September 16, 2008, the Company has signed a deal with the Ministry of Education in the Bahamas whereby 9 Secondary/Primary schools will use the Quizam software. The Company's strategy is to accelerate global use of the software. In exchange for waiving the \$2,000 Pilot Fee for 6 months the schools have agreed to give the Company student/teacher feedback on the software. If the schools purchase the software before the end of the 6 month pilot period they will receive a 25% discount.

Continue to focus on growth and profitability. The main strategies in the process include:

- a) Maintain control over expenses with a disciplined focus on overall profitability.
- b) Continue to grow the Quizam Business Model as follows:
 - 1) Licenses to Schools and Institutions
 - 2) Corporate Licenses sold direct to User from Web Site
 - 3) Regional Licenses to Partners that can manage the regional Content and Marketing
 - 4) Sell directly to parents and students using Infomercials and "Affiliate Selling"
- c) Build the Content Library for both Quizam and On-Track On-Line
- d) Grow the On-Line Vignette component of the On-Track business model know as On-Track TV
- e) Expand the On-Track TV model to include education training other than computers

1.12 Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements

and revenues and expenses for the period reported. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to revenue recognition, the valuation allowance for future income tax assets and stock-based compensation.

1.13 Changes in Accounting Policies

Recently Adopted Accounting Policies

Effective June 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, "Inventories". Section 3031 which introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The adoption of this standard did not have any material impact on the Company's financial statements.

Effective June 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace Section 3861, "Financial Instruments - Disclosure and Presentation". Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after October 1, 2007. The adoption of this standard did not have any material impact on the Company's financial statements.

Future Accounting Changes:

In February 2008, the Accounting Standards Board issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets and is effective for interim and annual periods relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

1.15 Additional Information

Additional information about the company is available on SEDAR (Website: www.sedar.com)

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number of shares Issued or issuable
Common shares	13,288,027
Stock options available	92,000
Warrants	980,000