

QUIZAM MEDIA CORPORATION
(Formerly On-Track Learning Systems Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

November 30, 2005

NOTICE TO READER

These financial statements have been compiled by management. They have not been audited or reviewed by the Company's auditor. Readers are cautioned that these statements may not be appropriate for their purposes.

QUIZAM MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED BALANCE SHEET

	Nov-05	May-05
	\$	\$
ASSETS		
Current		
Cash	37,714	71,134
Accounts receivable	17,292	62,460
Prepaid expenses and deposits	9,613	13,180
	<u>64,619</u>	<u>146,774</u>
Property, plant and equipment (Note 4)	58,544	46,807
	<u>123,163</u>	<u>193,581</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	36,683	69,416
Current portion of obligation under capital leases (Note 6)	6,815	13,632
	<u>43,498</u>	<u>83,048</u>
Long Term Debt		
Obligation under capital leases (Note 6)	27,272	27,272
Due to a related party (Note 7)	333,343	328,496
Proposal on debt settlement (Note 8)	78,400	95,200
	<u>439,015</u>	<u>450,968</u>
	482,513	534,016
SHAREHOLDERS' DEFICIT		
Shareholders' deficiency		
Capital stock (Note 9)	3,531,854	3,162,984
Deficit	(3,891,205)	(3,503,419)
	<u>(359,351)</u>	<u>(340,435)</u>
	123,163	193,581

QUIZAM MEDIA CORP.
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	3 Months Ending 30-Nov-05	3 Months Ending 30-Nov-04	6 Months Ending 30-Nov-05	6 Months Ending 30-Nov-04
REVENUES				
Software Sales and Training	\$48,725	\$116,918	\$99,429	\$220,767
	48,725	116,918	99,429	220,767
EXPENSES				
Accounting and legal	17,008	33,415	31,908	68,329
Advertising and promotion	1,017	-	3,799	-
Amortization	5,262	6,720	9,816	12,733
Automobile	3,264	4,699	10,494	11,818
Bank charges and interest	1,599	1,070	1,624	2,521
Equipment and room rentals	-	-	-	5,541
Management fees	18,000	18,000	36,000	36,000
Office and miscellaneous	33,139	47,107	65,933	103,730
Regulatory fees	3,729	5,519	7,626	8,552
Rents	21,676	32,940	39,976	70,037
Subcontractors	12,758	17,689	23,391	34,789
Telephone	4,358	5,112	8,526	10,280
Travel and entertainment	13,466	10,673	30,606	22,416
Wages and benefits	27,156	55,545	52,417	163,287
	162,430	238,488	322,113	550,033
Loss before other items	(113,705)	(121,570)	(222,685)	(329,266)
OTHER ITEMS				
Interest income	35	-	54	2
Reclaimed expenses	-	219,877	-	219,877
Foreign exchange loss	-	-	-	-
Loss on debt settlement	-	(41,667)	-	(41,667)
Quizam Software development	(73,422)	(50,716)	(160,992)	(50,929)
Write-off receivables	(4,162)	-	(4,162)	-
	(77,549)	127,494	(165,100)	127,283
Income (Loss) for the period	(191,254)	5,924	(387,785)	(201,982)
Deficit, beginning of the period	(3,699,951)	(3,044,885)	(3,503,420)	(2,836,979)
Deficit, end of the period	(3,891,205)	(3,038,961)	(3,891,205)	(3,038,961)

QUIZAM MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	3 months ending 30-Nov-05	3 months ending 30-Nov-04	6 months ending 30-Nov-05	6 months ending 30-Nov-04
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for quarter	(191,254)	5,924	(387,785)	(201,982)
Items not affecting cash:				
Amortization	5,262	6,720	9,815	12,733
Changes in non-cash working capital items:				
Accounts receivable	11,756	(27,469)	45,168	38,591
Prepaid expenses and deposits	1,729	(82,889)	3,567	(81,255)
Accounts payable and accrued liabilities	(6,330)	(233,398)	(32,733)	(158,389)
Net cash used in operating activities	(178,837)	(331,112)	(361,968)	(390,302)
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank indebtedness	(4,174)	13,917	-	(13,670)
Due to related parties	121,356	(235,658)	4,847	(295,472)
Capital lease obligations	(3,409)	(3,408)	(6,817)	(6,817)
Issuance of capital stock	143,000	551,261	368,870	701,261
Obligations to issue capital stock	(20,000)	5,000	-	5,000
Debt settlement	(8,400)	-	(16,800)	-
Net cash provided by financing activities	228,373	331,112	350,100	390,302
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant & equipment	(11,822)	-	(21,552)	-
Net cash used in investing activities	-	-	-	-
INCREASE (DECREASE) IN CASH	37,714	-	(33,420)	-

QUIZAM MEDIA CORPORATION
(formerly Torq Media Corporation)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2nd QUARTER ENDED NOVEMBER 30, 2005

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 (Note 3). 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 an educational programme, which is computer based.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption 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’s ability to continue as a going concern is dependent on completing equity financing, obtaining support from related parties or generating consistent profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary, On-Track. All significant inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from the estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method:

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

Revenue recognition

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

Stock-based compensation

Effective June 1, 2002, the Company adopted the new CICA handbook Section 3870 “Stock-Based Compensation and Other Stock-Based Payments”, which recommends the fair value-based methodology for measuring compensation costs. The new section also permits, and the Company has adopted, the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of loss and loss per share as if the fair value method had been adopted. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. This calculation proved to be anti-dilutive for eth years presented. Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Income taxes

The Company records income taxes using the asset and liability method. Under the assets and liability method, future tax assets and liabilities are recognized for the future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider in more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

Comparative figures

Certain comparative figures have been reclassified to conform to the financial presentation used in the current year.

3. BUSINESS COMBINATION AND CONSOLIDATION

The consolidated financial statements of the Company include all of the accounts of Quizam Media Corporation and its wholly owned subsidiary, On-Track Computer Training Ltd., a company acquired through a “reverse takeover” share exchange on January 9th, 2003. The common shares of the Company, are held in escrow and will be issued over a six-year period to the year 2009.

4. PROPERTY, PLANT AND EQUIPMENT

	\$ Cost	\$ Accumulated Amortization	\$ 2005 NBV
Automobile	64,052	32,026	32,026
Computer Hardware	265,789	244,989	20,800
Furniture and fixtures	72,369	66,651	5,718
	402,210	343,666	58,544

On May 31, 2003, the Company acquired an automobile primarily for the benefit of a significant shareholder who is a director and the president of the Company.

5. LINE OF CREDIT

As at November 30, 2005 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.

6. OBLIGATIONS UNDER CAPITAL LEASES

	\$ 2005	\$ 2004
Payments of approximately \$1,136 per month including Interest, due over lease terms expiring through May 2008	37,496	51,131
Less: current portion	10,224	10,224
	<u>27,272</u>	<u>40,907</u>

7. DUE TO RELATED PARTIES

The Company is indebted to a significant shareholder, who is a director and officer in the amount of \$333,343. The advance is secured by the assets of the Company and bears interest at 12% per annum and is without fixed terms of repayment.

8. DEBT SETTLEMENT

Back in the fall of 2004, the 100% owned subsidiary of the Company made a proposal to its creditors under Subsection 50.44(1) of the Bankruptcy and Insolvency Act, and which has received creditor and creditor approval. The proposal consisted of a restructuring of \$330,000 of current debt, by reversing \$225,000 of the debt as reclaimed expenses and converting \$112,000 of the current debt into a long-term debt to be repaid over 40 months. The last payment of this stream will be in March 2008.

9. CAPITAL STOCK

	Number of Shares	\$
Authorized – 100,000,000 common shares without par value		
Issued –		
Balance at May 31, 2001	100	100
Subdivision of shares (6:5:1)	550	-
Subdivision of shares (1:585:1)	380	-
Balance at May 31, 2002	<u>1,030</u>	<u>100</u>

9. CAPITAL STOCK (continued)...

Common shares of the Company at January 9, 2003	2,872,500	-
Common shares of On-Track at January 9, 2003	(1,030)	-
Pursuant to business combination	7,210,000	125,960
Settlement of shareholder loan	479,378	359,534
Private placement	770,000	385,000
Settlement of amounts in dispute	553,000	275,000
Settlement of loan payable	660,000	330,000
Finder's fee pursuant to business combination	350,000	-
Exercise of stock options	205,000	41,000
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Balance at May 31, 2003	13,099,878	1,516,594
Options exercised	1,244,000	124,400
Issued from debt settlement	3,431,489	343,149
Issued by private placement	1,400,000	70,000
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Balance at May 31, 2004	19,175,367	2,054,143
Balance, after Consolidation @ 12 to 1 at May 31, 2004	1,597,947	2,054,143
Issued by private placement	6,632,132	896,261
Issued by debt settlement	764,000	125,680
Returned to treasury	(33,333)	(40,000)
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Balance at May 31, 2005	8,960,746	3,036,084
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Balance post consolidation on May 31, 2005 @ 4 to 1	2,240,187	3,036,084
Issued by private placement	2,200,000	363,000
Finder's fee (non-cash)	132,000	-
Finder's fee (cash)	-	(10,230)
Issued by private placement	365,000	146,000
Finder's fee (non-cash)	24,750	-
Return to treasury	(32,500)	(13,000)
Re-issued	25,000	10,000
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Balance at November 30, 2005	4,954,437	3,531,854
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Consolidation

In May 2005 the Company underwent a consolidation of shares, exchanging four (4) old shares for one (1) new share.

9. CAPITAL STOCK (continued)...

Stock options

As of November 30th, 2005 outstanding stock options granted to to employees, officers, directors and consultants of the Company are as follows:

As of November 30, 2005, outstanding options as follows:

Number Of Options	Exercise Price \$	Expiry Date
440,000	0.50	June 16, 2007

Stock-based compensation

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair values as follows:

	\$ 2005
Risk-free interest rate	7.00%
Expected life of options	1.5 years
Expected volatility	1 to 4%
Expected dividend yield	0.00%

Warrants

At November 30, 2005, warrants were outstanding enabling holders to acquire the following number of shares:

Number of shares	Exercise Price \$	Expiry Date
29,167	4.80	January 19, 2006
500,000	0.40	May 3, 2006

9. CAPITAL STOCK (continued)...

62,500	1.00	August 8, 2006
262,153	0.92	November 9, 2006
125,000	0.92	January 5, 2007
2,200,000	0.22	June 24, 2007
365,000	0.50	October 7, 2007

10. PRODUCT DEVELOPMENT COSTS

Thought the first full working versions for Quizam Software are up and running the company continues to incur costs on revisions and new releases of the software.

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

Date of Information

1.1 November 30, 2005

Overall Performance

1.2 The business continues to improve its track by reducing losses on the path to profitability. When one compares the net figures "before other items" our 3 month ending figures are 8,000 better than last year while our 6 month comparison figures are more than \$100,000 improved. The training division has stabilized while Quizam Software sales are starting to increase even though the company has not yet initiated its marketing campaign for Quizam.

Selected Annual Information

1.3	2005	2004	
2003	3 Months-Ended	3 Months-Ended	3 Months-
Ended	November 30	November 30	
November 30			
a) Net Sales	48,725	116,918	
166,463			
b) Net Income (Loss)	(191,254)	5,924	
(236,695)			
c) Net Income (Loss)	(191,254)	5,924	
(236,695)			
d) Total Assets	123,163	253,562	
308,222			
e) Long-Term Liability	439,015	402,207	
328,736			
f) Cash Dividends	0	0	
0			

Canadian G.A.A.P. has been employed in all accounting transactions.

Results of Operations

- 1.4 The company has stabilized and is improving quarter by quarter. There has been much transitioning as the company is focusing more and more on Intellectual Property (IP) products such as Training DVD's and Quizam Software. The expenses of the company include all the development and research required for the aforementioned IP products the revenues for which have not yet fully been enjoyed.

Summary of Quarterly Results

- 1.5 Summary of quarterly results (8 quarterly results required).

Description	6 Months Ended Nov-30 2006	3 Months ended Aug-31 2005	Year ended May-31 2005	9 Months ended Feb-28 2005	6 Months ended Nov-30 2004	3 Months ended Aug-31 2004	Year ended May-31 2004	9 Months ended Feb-29 2004
Net Sales	99,429	50,704	687,173	350,493	220,767	103,849	690,554	530,172
Income or (loss) before other items	(222,685)	(124,584)	(228,988)	(550,755)	(380,194)	(205,251)	(909,185)	(656,803)
Net Income or (loss) for the period	(387,785)	(196,389)	(666,440)	(414,209)	(201,982)	(205,250)	(917,425)	(658,126)
Shares Issued	4,954,437	4,572,187	2,240,187	6,621,746	5,871,746	2,250,119	19,175,367	17,670,288
Per Share	(.08)	(.04)	(.29)	(.06)	(.03)	(.09)	(.05)	(.04)

On May 18, 2005 the shares were rolled back at a ratio of 4:1.

Liquidity

- 1.6 The company's liquidity (relationship between quick current assets and quick current liabilities) is has now become positive.

Quick current ratio 2005	November 2005	May
Cash in the Bank	37,714	
71,134		
Accounts Receivable & Prepaid Expenses	26,905	
75,640		
Account Payable & Accrued Liabilities	43,498	
83,048		
Long Term Debt	439,015	
450,968		

As at November 30th, 2005 the Company has current assets of approx \$64,000 with current liabilities of approximately \$43,000 improving its ratio of Current Assets to Current liabilities to 1.5 : 1 in the positive. The company is continuing to reduce its Long Term Debt as well.

Capital Resources

- 1.7 Interim management discussion moved towards plans for capital expenditures in Software Development and DVD production. These would of course require the purchase or capital lease of equipment.

Off-Balance Sheet Arrangements

- 1.8 The following events occurred subsequent to November 30, 2005:

On January 18th, 2006 1.2 million shares were issued through a unit private placement priced at \$0.13. Each unit came with a 1 year warrant priced at \$0.17.

Transactions with Related Parties

- 1.9 In addition to related party transactions disclosed elsewhere in these notes, the following transactions occurred:
- a) Quizam Media and On-Track outsource several services to the staff of a company owned by a significant shareholder. These services include management, accounting, TSX administration, legal fees, filing fees, press releases, transportation, telephone, overseas business development and other office expenses. From September 2005 to November 2005, a total of \$78,685 was paid for said services.
 - b) Secured loan from significant shareholder bearing 12% had a balance owing as at November 30, 2005 of \$333,343.

Proposed Transactions

- 1.11 Continue to focus on growth and profitability. The main strategies in the process include:
- a) Gross Margin controls are now in place. The company will now employ focused sales and marketing strategies to increase revenues thereby driving profitability.
 - b) Continue to expand the industrial arm of On-Track to produce industrial/promotional DVD's
 - c) Continue the deployment of Quizam into UK and Europe.

Changes in Accounting Policies including Initial Adoption

- 1.13 Although no accounting policies will change to conflict with Canadian G.A.A.P. There are plans afoot to change the chart of accounts to provide management with better tools (ie. allocate expenses to a cost of services section to cater to a margin and provide an operating profit prior to fixed expenses).