

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

CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

November 30, 2006

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-06	May-06
	\$	\$
ASSETS		
Current		
Bank	-	309,744
Accounts receivable (Note 5)	601,019	18,840
Prepaid expenses and deposits	5,330	6,509
Goods and Services tax recoverable	11,266	9,775
	617,614	344,868
Property, plant and equipment (Note 4)	45,912	47,071
	663,527	391,939
LIABILITIES		
Current		
Bank indebtedness (Note 6)	12,765	-
Accounts payable and accrued liabilities	46,312	50,495
Current portion of obligation under capital leases (Note 7)	6,818	13,632
Current portion on debt settlement (Note 9)	16,800	33,600
	82,695	97,727
Long Term Debt		
Obligation under capital leases (Note 7)	13,633	13,633
Due to a related party (Note 8)	42,453	104,957
Proposal on debt settlement (Note 9)	28,000	28,000
	84,086	146,590
	166,781	244,317
SHAREHOLDERS' DEFICIT		
Shareholders' deficiency		
Capital stock (Note 10)	4,756,493	4,539,415
Deficit	(4,259,747)	(4,391,793)
	496,746	147,622
	663,527	391,939

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

	3 Months Ending 30-Nov-06	3 Months Ending 30-Nov-05	6 Months Ending 30-Nov-06	6 Months Ending 30-Nov-05
REVENUES				
Training services and software sales	\$66,816	\$48,725	\$122,352	\$99,429
Software licensing (Note 5)	290,000	-	578,000	-
	<u>356,816</u>	<u>48,725</u>	<u>700,352</u>	<u>99,429</u>
EXPENSES				
Accounting and legal	18,010	17,008	41,805	31,908
Advertising and promotion	12,580	1,017	16,107	3,799
Amortization	6,521	5,262	12,710	9,816
Automobile	4,005	3,264	8,652	10,494
Bank charges and interest	3,793	1,599	7,290	1,624
Management fees	18,000	18,000	36,000	36,000
Office and miscellaneous	18,265	33,139	28,021	65,933
Regulatory fees	6,890	3,729	12,527	7,626
Rents	29,524	21,676	58,484	39,976
Subcontractors	2,731	12,758	8,044	23,391
Telephone	4,824	4,358	9,422	8,526
Travel and entertainment	27,523	13,466	31,821	30,606
Wages and benefits	47,497	27,156	84,910	52,417
	<u>200,164</u>	<u>162,430</u>	<u>355,794</u>	<u>322,113</u>
Loss before other items	156,652	(113,705)	344,557	(222,685)
OTHER ITEMS				
Interest income	155	35	324	54
Reclaimed expenses	-	-	-	-
Insurance claims	5,934	-	5,934	-
Loss on debt settlement	-	-	-	-
Product development costs	(92,854)	(73,422)	(218,769)	(160,992)
Write-off receivables	-	(4,162)	-	(4,162)
	<u>(86,765)</u>	<u>(77,549)</u>	<u>(212,511)</u>	<u>(165,100)</u>
Income (Loss) for the period	69,886	(191,254)	132,046	(387,785)
Deficit, beginning of the period	<u>(4,329,633)</u>	<u>(3,699,951)</u>	<u>(4,391,793)</u>	<u>(3,503,420)</u>
Deficit, end of the period	(4,259,747)	(3,891,205)	(4,259,747)	(3,891,205)

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

	3 months ending 30-Nov-06	6 months ending 30-Nov-06	3 months ending 30-Nov-05	6 months ending 30-Nov-05
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the period	69,886	132,046	(191,254)	(387,785)
Items not affecting cash:				
Amortization	6,521	12,710	5,262	9,815
Changes in non-cash working capital items:				
Decrease (increase) in accounts receivable	(292,006)	(582,179)	11,756	45,168
Decrease in prepaid expenses and deposits	590	1,179	1,729	3,567
Increase in goods and services tax recoverable	(6,394)	(1,491)	-	-
(Decrease) increase in accounts payable and accrued liabilities	11,936	(4,183)	(6,330)	(32,733)
Net cash used in operating activities	(209,467)	(441,918)	(178,837)	(361,968)
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank indebtedness	12,765	12,765	(4,174)	-
Repayments to related parties	(34,910)	(62,504)	121,356	4,847
Capital lease obligations	(3,409)	(6,814)	(3,409)	(6,817)
Issuance of capital stock	134,728	217,078	143,000	368,870
Obligations to issue capital stock	-	-	(20,000)	-
Debt settlement	(8,400)	(16,800)	(8,400)	(16,800)
Net cash provided by financing activities	100,774	143,725	228,373	350,100
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant & equipment	-	(11,551)	(11,822)	(21,552)
INCREASE (DECREASE) IN CASH	(108,693)	(309,744)	37,714	(33,420)

QUIZAM MEDIA CORPORATION
(formerly Torq Media Corporation)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2nd QUARTER ENDED NOVEMBER 30, 2006

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.

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.

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	\$ 2006 NBV
Automobile	64,052	44,837	19,215
Computer Hardware	280,274	254,637	25,637
Furniture and fixtures	68,959	67,899	1,060
	413,285	367,373	45,912

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. SOFTWARE LICENSING

On November 30, 2006 the Company sold another “Territory License” for the Quizam rights to the Gulf States of Oatar, Kuwait, Oman, Bahrain and the United Arab Emirates to Murailles Investments Ltd.. The License fee was sold for USD \$250,000 plus 25% of all revenues derived there from. Additionally, Murailles has an option for the licence for Saudi Arabia for further \$250,000.

6. LINE OF CREDIT

As at November 30, 2006 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 year end the amount of the line of credit used is \$NIL.

7. OBLIGATIONS UNDER CAPITAL LEASES

	\$ 2006	\$ 2005
Payments of approximately \$1,136 per month including Interest, due over lease terms expiring through May 2008	13,633	37,496
Less: current portion	6,818	10,224
	<hr/> 6,815	<hr/> 27,272

8. DUE TO RELATED PARTIES

The Company is indebted to a significant shareholder, who is a director and officer in the amount of \$42,453. The advance is secured by the assets of the Company and bears interest at 12% per annum and is without fixed terms of repayment.

9. DEBT SETTLEMENT

During the year, 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.

10. 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	-
	<hr/> 1,030	<hr/> 100

10. CAPITAL STOCK (continued)...

Balance at May 31, 2002		
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	4,057,500	926,000
Exercise of warrants	1,672,912	535,361
Exercise of options	102,000	51,700
Issued as finders' fees	184,934	-
Finder's fee paid	-	(10,230)
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Balance at May 31, 2006	8,257,533	4,538,915
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Exercise of warrants	125,000	69,350
Exercise of options	24,000	13,000
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Balance at August 31, 2006	8,406,533	4,621,265
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10. CAPITAL STOCK (continued)...

Exercise of options	9,000	4,700
Exercise of warrants	518,733	130,028
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Balance at November 30, 2006	8,934,266	4,755,993
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Consolidation

On May 31, 2005, the Company has undergone a consolidation of shares, exchanging four (4) old shares for one (1) new share.

Escrow

As at May 31, 2006, 626,703 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 body having jurisdiction thereon. The common shares held in escrow will be released over three and six years periods.

Stock options

During the year ended May 31, 2006, the Company has granted stock options to employees, officers, directors and consultants of the Company. Stock options outstanding are summarized as follows:

	Number Of Options	Exercise Price \$
Expiring April 11, 2007	75,500	0.50
Expiring April 11, 2007	49,000	0.60
Expiring April 11, 2007	35,000	0.70
Expiring June 17, 2007	305,000	0.50
Expiring June 22, 2007	20,000	1.92
Expiring July 27, 2007	15,000	1.00
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Balance November 30, 2006	499,500	n/a
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Weighted average fair value of options granted	n/a	0.59
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10. CAPITAL STOCK (continued)...

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:

	\$ 2006	\$ 2005
Risk-free interest rate	5.00%	7.00%
Expected life of options	1/2 year	1/2 year
Expected volatility	40%	20%
Expected dividend yield	0.00%	0.00%

Warrants

At November 30, 2006, warrants were outstanding enabling holders to acquire the following number of shares:

Number of shares	Exercise Price \$	Expiry Date
744,392	0.17	December 23, 2006
125,000	0.92	January 5, 2007
300,000	1.50 to November 16/06	May 16, 2007
	2.00 to May 16/07	May 16, 2007
1,066,060	0.22	June 24, 2007
312,000	0.50	October 7, 2007

11. PRODUCT DEVELOPMENT COSTS

The Company continues to concentrate its effort in the developing and marketing of the Quizam educational software. This activity has resulted in a second version of the educational software, and has also been adapted for compatibility with the Mac platform

11. PRODUCT DEVELOPMENT COSTS (continued)...

format. As well, the software has been actively promoted in the United Kingdom and various world markets.

The costs associated with product development are as follows:

	\$
Salary, wages and fees (programming and marketing)	144,080
Materials	38,412
Marketing	13,863
Advertising and promotion	22,414
	218,769

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

Date of Information

1.1 November 30, 2006

Overall Performance

1.2 Compared to the same period last year Revenue is up by \$308,091. That's a 632 % increase over the same period in the previous year. There has been an increase in profitability of more than \$261,140.

Selected Annual Information

1.3	2006	2005	2004
Ended	3 Months-Ended	3 Months-Ended	3 Months-
November 30	November 30	November 30	
a) Net Sales	356,816	48,725	
116,918			
b) Net Income (Loss)	69,886	(191,254)	
5,924			
c) Net Income (Loss)	69,886	(191,254)	
5,924			
d) Total Assets	373,527	123,163	
253,562			
e) Long-Term Liability	84,086	439,015	
402,207			
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 is continuing to reap the benefits of its Quizam Software program. Management is seeing an accelerated increase in Web Hits, Software Sales and License Sales. Revenues have increased by 632% while operational expenses have increased by

a modest \$35,734 or 22%. As well demand for the On-Track Learning Vignettes have starting to ignite. Management feels that this Multi-Media arm of the training division will continue to grow profitably.

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 2006	Year Ended May 31 2006	9 Months Ended Feb 28 2006	6 Months Ended Nov 30 2005	3 Months Ended Aug 31 2005	Year Ended May 31 2005	9 Months Ended Feb 28 2005	6 Months Ended Nov 30 2004
Net Sales	700,352	343,536	251,552	182,400	99,429	50,704	687,173	350,493	220,767
Income or (loss) before other items	344,557	187,908	(407,288)	(368,954)	(222,685)	(124,584)	(228,988)	(550,755)	(380,194)
Net Income or (loss) for the period	132,046	62,163	(888,374)	(600,851)	(387,785)	(196,389)	(666,440)	(414,209)	(201,982)
Shares Issued	8,934,266	8,406,533	8,257,533	7,069,665	4,954,437	4,572,187	2,240,187	6,621,746	5,871,746
Per Share	.01	.01	(.11)	(.08)	(.08)	(.04)	(.29)	(.06)	(.03)

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 continuing to improve impressively. As of November 30, 2006 the ratio is 12:1.

Quick current ratio 2006	November 2006	May
Cash in the Bank	-	
309,744		
Accounts Receivable & Prepaid Expenses	606,349	
25,349		
Account Payable & Accrued Liabilities	46,312	
50,495		
Long Term Debt	84,086	
146,590		

As at November 30, 2006 the Company has working capital of \$ 604,349 increasing its ratio of Current Assets to Current liabilities from **7:1 (Last Year End May 2006) to 13:1**. 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, 2006:

Several more schools have signed license agreements with Quizam to use the software.

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 2006 to November 2006, a total of \$84,974 was paid for said services.
 - b) Secured loan from significant shareholder bearing 12% had a balance owing as at November 30, 2006 of \$42,453.

Proposed Transactions

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

- a) Maintain control of gross margins on the service side of the business and continue to push forward on development of Intellectual Property that is scalable.
- b) Expand the industrial arm of On-Track to produce industrial/promotional DVD's
- c) Continue to license Quizam Software Globally.
- d) Continue to build up the Quizam and On-Track Content Library.

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).