

QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

February 29, 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 consolidated financial statements for the period ended February 29, 2008

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

| | Feb-08 | May-07 |
|--|-------------|-------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and term deposits | 232,477 | 491,243 |
| Accounts receivable | 1,199,392 | 761,833 |
| Prepaid expenses and deposits | 5,456 | 10,925 |
| Goods and Services tax recoverable | 6,330 | 12,601 |
| Loans receivable (Note 15) | 5,026 | - |
| | 1,448,682 | 1,276,602 |
| Property, plant and equipment (Note 3) | 39,451 | 43,813 |
| | 1,488,132 | 1,320,415 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 54,847 | 87,088 |
| Current portion of obligation under capital leases | - | 13,633 |
| Current portion on debt settlement (Note 5) | 2,800 | 28,000 |
| | 57,647 | 128,721 |
| Long Term Debt | | |
| Due to a related party (Note11) | 120,705 | 397,598 |
| | 178,353 | 526,319 |
| SHAREHOLDERS' DEFICIT | | |
| Shareholders' deficiency | | |
| Capital stock (Note 6) | 6,779,395 | 5,763,790 |
| Contributed Surplus (Note 7) | 87,733 | 18,564 |
| Deficit | (5,557,349) | (4,988,258) |
| | 1,309,780 | 794,096 |
| | 1,488,132 | 1,320,415 |

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:
“Russ Rossi” Director

“Jim Rosevear” Director

QUIZAM MEDIA CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

| | 3 Months Ending 28-Feb-08 | 3 Months Ending 28-Feb-07 | 9 Months Ending 28-Feb-08 | 9 Months Ending 28-Feb-07 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| REVENUES | | | | |
| Education & Software | \$ 97,509 | \$ 92,467 | \$315,651 | \$ 214,819 |
| Software licensing (Note 9) | - | 243,764 | 460,012 | 714,283 |
| | <u>97,509</u> | <u>336,231</u> | <u>775,663</u> | <u>929,102</u> |
| EXPENSES | | | | |
| Accounting and legal | 28,700 | 21,495 | 111,280 | 63,300 |
| Advertising and promotion | 33,540 | 10,520 | 47,222 | 26,627 |
| Amortization | 8,802 | 6,542 | 24,554 | 19,252 |
| Automobile | 8,195 | 8,801 | 18,373 | 17,453 |
| Bank charges and interest | 761 | 2,998 | 2,646 | 8,073 |
| Management fees | 18,000 | 18,000 | 54,000 | 54,000 |
| Office and miscellaneous | 20,484 | 16,900 | 62,810 | 44,921 |
| Regulatory fees | 8,834 | 13,245 | 22,714 | 25,772 |
| Rents | 42,825 | 31,390 | 108,967 | 89,874 |
| Subcontractors | 1,663 | 1,400 | 3,331 | 9,444 |
| Telephone | 4,385 | 5,277 | 14,903 | 14,699 |
| Travel and trade show | 27,856 | 54,312 | 117,468 | 86,133 |
| Wages and benefits | 63,458 | 74,740 | 213,471 | 159,650 |
| Stock Option Benefits | 37,724 | - | 84,976 | - |
| | <u>305,228</u> | <u>265,619</u> | <u>886,717</u> | <u>619,198</u> |
| Income (Loss) before other items | (207,719) | 70,612 | (111,054) | 309,904 |
| OTHER ITEMS | | | | |
| Interest income | 2,342 | 266 | 5,942 | 590 |
| Interest Charge | (2,071) | (1,519) | (4,546) | (3,734) |
| Insurance Claims | - | - | - | 5,934 |
| Investor relations | (3,500) | - | (21,800) | - |
| Administration and promotion fees | - | (31,171) | - | (31,171) |
| Product development (Note 10) | (128,534) | (226,421) | (390,540) | (445,189) |
| On-line training expenses | (8,400) | - | (47,900) | - |
| | <u>(140,163)</u> | <u>(258,846)</u> | <u>(458,844)</u> | <u>(473,570)</u> |
| Income (Loss) for the period | (347,882) | (188,234) | (569,898) | (163,666) |
| Deficit, beginning of the period | <u>(5,210,274)</u> | <u>(4,390,795)</u> | <u>(4,988,258)</u> | <u>(4,415,363)</u> |
| Deficit, end of the period | <u>(5,558,156)</u> | <u>(4,579,029)</u> | <u>(5,558,156)</u> | <u>(4,579,029)</u> |
| Basic and diluted weighted average loss per share | (0.023) | (0.012) | (0.038) | (0.051) |
| Weighted average number of shares | 14,877,766 | 11,570,766 | 14,990,176 | 11,247,195 |

(See accompanying notes to the financial statements)

QUIZAM MEDIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

| | 3 months ending 29-Feb-08 | 3 months ending 28-Feb-07 | 9 months ending 29-Feb-08 | 9 months ending 28-Feb-07 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income (loss) for quarter | (347,882) | (188,234) | (569,898) | (163,666) |
| Items not affecting cash: | | | | |
| Amortization | 8,802 | 6,542 | 24,554 | 19,253 |
| Stock option benefit | 37,724 | - | 84,976 | - |
| Changes in non-cash working capital items: | | | | |
| Decrease (increase) in accounts receivable | 14,855 | (246,718) | (436,752) | (721,419) |
| Decrease in goods and services tax recoverable | 2,547 | 1,910 | 6,271 | 419 |
| Decrease in prepaid expenses and deposits | 1,629 | 197 | 5,469 | 1,376 |
| (increase) in loans receivable | (5,026) | - | (5,026) | - |
| (Decrease) increase in accounts payable and accrued liabilities | (7,542) | (351) | (32,241) | (8,434) |
| Net cash used in operating activities | (294,893) | (426,654) | (922,647) | (872,471) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Due to related parties | (12,553) | 27,590 | (276,893) | (34,914) |
| Capital lease obligations | - | (3,409) | (13,633) | (10,223) |
| Issuance of capital stock | 276,543 | 625,178 | 999,798 | 846,156 |
| Debt settlement | (8,400) | (8,400) | (25,200) | (25,200) |
| Net cash provided by financing activities | 255,590 | 640,959 | 684,072 | 775,819 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant & equipment | (6,142) | (7,382) | (20,191) | (18,934) |
| Net cash used in investing activities | (6,142) | (7,382) | (20,191) | (18,934) |
| Increase (decrease) in cash | (45,445) | 206,923 | (258,766) | (115,586) |
| CASH, beginning of period | 277,922 | (12,765) | 491,243 | 309,744 |
| CASH, ending of period | 232,477 | 194,158 | 232,477 | 194,158 |

Supplemental disclosures with respect to cash flows (Note 14)
(See accompanying notes to the financial statements)

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED FEBRUARY 29, 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 (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 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.

Information on the Company’s working capital and deficit is:

| | \$ 2008 | \$ 2007 |
|-----------------|-------------|-------------|
| Working capital | 1,391,035 | 1,147,881 |
| Deficit | (5,557,349) | (4,988,258) |

2. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements follow the same accounting policy and methods of their application as the audited financial statements for the fiscal year-end May 31, 2007. There are no policy or method changes except the application of CICA Handbook Section 1530 – comprehensive income.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED FEBRUARY 29, 2008
(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

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.

Foreign currency translation

Assets and liabilities of integrated foreign subsidiary operations and foreign currency denominated assets and liabilities of Canadian 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.

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.

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 |
| Library | 5 years |

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

The Company reviews the carrying values of its property, plant and equipment whenever events or changes in circumstances indicate their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

Asset Retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. To date, the Company has not incurred any asset retirement obligations.

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 and the licensee is satisfied with the operations of the software.

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. Under the fair value method, compensation costs, equal to the fair value of the options on the date of grant, are recorded, with an offsetting credit to contributed surplus. Consideration received upon exercise of the stock options, is recorded as share capital and the contributed surplus related to the recognized fair value of the options exercised is transferred to share capital.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. 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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

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 the years presented.

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 it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Future accounting changes

The Canadian Institute of Chartered Accountants (“CICA”) issued two new accounting standards: Handbook Section 1530, Comprehensive Income and Handbook Section 3855, Financial Instruments - Recognition and Measurement. These sections are effective for fiscal years beginning on or after October 1, 2006. These new standards require certain financial assets and liabilities to be measured at fair value and establish a new measure of income, comprehensive income, to represent the change in net assets other than changes attributable to transactions with the Company’s shareholders. The Company is evaluating the impact of these new accounting standards on its consolidated financial statements.

Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments other than a currency risk for amounts denominated in US dollars.(\$750,000; 2007- \$ 750,000).

Unless otherwise noted, due to their current maturities, fair values approximate carrying values for these financial instruments. The fair value of due from related parties was not practical to determine.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED FEBRUARY 29, 2008

(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

Comprehensive income

The Company has adopted section 1530 of CICA Handbook relating to comprehensive income. However, during this period, there is no reportable comprehensive income.

Comparative figures

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

3. PROPERTY, PLANT AND EQUIPMENT

| | Cost \$ | Accumulated Amortization \$ | 2008 NBV \$ |
|----------------------------|-------------------|---|---------------------------|
| Automobile – capital lease | 64,052 | 60,850 | 3,202 |
| Computer Hardware | 309,905 | 275,425 | 34,480 |
| Furniture and fixtures | 68,959 | 68,959 | - |
| Library | 2,721 | 952 | 1,769 |
| | 445,637 | 416,186 | 39,451 |
| | Cost \$ | Accumulated Amortization \$ | 2007 NBV \$ |
| Automobile - capital lease | 64,052 | 51,242 | 12,810 |
| Computer Hardware | 268,722 | 261,458 | 28,255 |
| Furniture and fixtures | 68,959 | 68,388 | 571 |
| Library | 2,721 | 544 | 2,177 |
| | 425,445 | 381,632 | 43,813 |

On May 31, 2003, the Company acquired an automobile under a capital lease primarily for the benefit of a significant shareholder who is a director and the president of the Company. The final portion of the lease payment in the amount of 13,635 has paid in June, 2007.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

4. LINE OF CREDIT

As at February 29, 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.

5. DEBT SETTLEMENT

During the year 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 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, ending March 31, 2008.

6. CAPITAL STOCK

| | Number of Shares | \$ |
|---|---------------------|------------------|
| <hr/> | | |
| Authorized – 100,000,000 common shares without par value | | |
| Issued – | | |
| <hr/> | | |
| Balance at May 31, 2003 | 13,099,878 | 1,516,594 |
| Balance at May 31, 2005 | 8,960,746 | 3,036,084 |
| <hr/> | | |
| Balance post consolidation on May 31, 2005 @ 4 to 1 | 2,240,187 | 3,036,084 |
| For cash - Issued by private placement | 4,057,500 | 926,000 |
| For cash - Exercise of warrants | 1,672,912 | 535,361 |
| For cash - Exercise of options | 102,000 | 52,200 |
| Issued as finders' fees | 184,934 | - |
| Finder's fee paid | - | (10,230) |
| <hr/> | | |
| Balance at May 31, 2006 | 8,237,533 | 4,539,415 |
| For cash - Issued by private placement | 520,385 | 338,251 |
| For cash - Exercise of options | 265,500 | 201,147 |
| For cash - Exercise of warrants | 1,509,891 | 564,862 |
| Finders' fees | 43,000 | - |
| Vested stock options exercised | | 120,115 |
| <hr/> | | |
| Balance at May 31, 2007 | 10,596,309 | 5,763,790 |

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

6. CAPITAL STOCK (continued)...

| | | |
|-------------------------------------|-------------------|------------------|
| For cash – Exercise of options | 189,000 | 95,500 |
| For cash – Exercise of warrants | 994,521 | 459,149 |
| Vested stock options exercised | | 4,264 |
| Balance at August 31, 2007 | 11,779,830 | 6,322,703 |
| For cash – Exercise of options | 27,307 | 25,000 |
| For cash – Exercise of warrants | 287,000 | 143,500 |
| Vested stock options exercised | | 11,543 |
| Balance at November 30, 2007 | 12,094,137 | 6,502,746 |
| For cash – Exercise of warrants | 76,923 | 100,000 |
| Balance at February 29, 2008 | 12,171,060 | 6,602,746 |

Escrow

As at February 29, 2008, 32,039 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 year periods.

Stock options

As at February 29, 2008, stock options outstanding and exercisable are summarized as follows:

| | 2008 Number of Options # | 2008 Exercise Price \$ |
|------------------------------|---|---|
| - Expiring May 23, 2008 | 110,000 | 1.20 |
| - Expiring May 23, 2008 | 29,000 | 1.30 |
| - Expiring November 20, 2008 | 153,000 | 0.80 |

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

6. CAPITAL STOCK (continued)...

| | | |
|---|---------|------|
| Balance, February 29, 2008 | 292,000 | n/a |
| <hr/> | | |
| Weighted average fair value of options granted | n/a | 0.59 |
| <hr/> | | |

Stock-based compensation

The compensation expense relating to the options granted been accounted for under the Black-Scholes pricing model representing fair value.

The assumptions used in calculating fair values are as follows:

| | 2008 | 2007 |
|--------------------------|---------------|---------------|
| <hr/> | | |
| Risk-free interest rate | 3.9% to 4.75% | 3.9% to 4.56% |
| Expected life of options | ½ year | 1 year |
| Expected volatility | 50% to 100% | 50% to 100% |
| Expected dividend yield | 0.0% | 0.0% |

7. CONTRIBUTED SURPLUS

| | \$ |
|----------------------------|-----------|
| <hr/> | |
| Balance, May 31, 2007 | 18,564 |
| Stock options vested | 84,976 |
| Stock options exercised | (15,807) |
| <hr/> | |
| Balance, February 29, 2008 | 87,733 |
| <hr/> | |

8. SEGMENTED INFORMATION

a) Training Services & Software Sales for 3 months ended February 29, 2008

| | |
|------------------|-----------|
| 1) Revenue | 97,509 |
| 2) Expenses | 215,888 |
| 3) Profit (loss) | (118,379) |

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

8. SEGMENTED INFORMATION (continued)...

b) Software Licensing for 3 months ended February 29, 2008

| | |
|------------------|-----------|
| 1) Revenue | - |
| 2) Expenses | 229,503 |
| 3) Profit (loss) | (229,503) |

9. 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.

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 met all conditions of these licences and recorded the revenue, and the related accounts receivable, from these licences of \$735,000.

On September 24, 2007 the Company sold a territorial distribution license to Consortium Buhedi de Groupe Scolaire Communautaire (re: Congo). The license fee was USD\$10,000. Quizam will receive each month the greater of USD\$800 or 60% of the gross revenue generated from sales of Quizam Software in The Congo. Following the repayment of the initial USD\$10,000 license fee, Quizam will receive 40% of all revenues generated in The Congo.

QUIZAM MEDIA CORPORATION
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9. LICENSE FEES (continued)...

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.

10. 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, are as follows:

| | \$ |
|--|---------------------|
| Salary, wages and fees (management, programming and marketing) | 97,878 |
| Materials | 355 |
| Marketing | 25,879 |
| Advertising and promotion | 4,422 |
| | <hr/> 128,534 <hr/> |

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. RELATED PARTY TRANSACTIONS

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

The Company owes \$120,705 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 without fixed terms of repayment.

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

Management, administration and accounting services are provided by a company owned by a significant shareholder. \$124,685 was paid for these services during this quarter.

Significant shareholders were paid \$2,071 in interest on loans to the Company.

The related party transactions are measured at cost based upon the actual billed values by the related corporation for services and supplies provided. The loans provided by the related party are based on historical values of actual amounts received, in monetary values.

Interest is based upon a predetermined rate and calculated as a percentage of the remaining outstanding balance.

12. 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.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, marketable securities, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

13. FINANCIAL INSTRUMENTS (continued)...

Risk management

The Company's largest asset is its software licensing receivable in U.S. dollars. The Company could accordingly be at risk for foreign currency fluctuations and developing legal environment.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

| | 2008 | 2007 |
|--|------|------|
| Cash paid during the period for interest | \$ - | \$ - |
| Cash paid during the period for income taxes | \$ - | \$ - |

15. LOANS RECEIVABLE

The company has developed a program where it shares marketing and sales expenses with its licenses. Any monies advanced to licencees will take the form of an interest bearing loan and must be paid back to the company. Thus far £2500 pounds has been advanced to the UK Licensee. This bears an interest rate of 4% annually.

16. SUBSEQUENT EVENTS

In March, 2008, the company will be completed a non-brokered private placement consisting of 500,000 units issued at a price of \$0.85 per unit for gross proceeds of \$425,000. Each unit comes with one Share and one Warrant. Each Warrant expires after one year from the closing date. Each Warrant will entitle the holder to purchase one Warrant Share of the Company at a price of \$1.10 per share for months 1 to 6 and \$1.75 per share for months 7 to 12.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER END FEBRUARY 29, 2008
(Unaudited – Prepared by Management)

15. INCOME TAXES (continued)...

| | Feb-08 \$ |
|---|--------------|
| Statutory tax | 34.1% |
| Loss for period | 569,091 |
| Expected income tax recovery | 194,060 |
| Non-deductible expenses and other items for income tax purposes | (30,000) |
| Unrecognized benefit of non-capital losses | (164,060) |
| Total income taxes | - |

The significant components of the Company's future income taxes assets are as follows:

| | Feb-08 \$ |
|--|--------------|
| Future income tax assets (liabilities) | (1,883) |
| Non-capital loss carry forward | (1,776,990) |
| | (1,778,873) |
| Valuation allowance | (1,778,873) |
| Net future income tax assets | - |

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

Date of Information

1.1 February 29, 2008

Overall Performance

1.2 Net sales for the 3 months ending February 29, 2008 are down strictly due to no major global licenses being signed. It is worthy to note that Education and Software sales are up more than 5% compared to the same quarter last year. We have also had increases in expenses due to Rent, Advertising and Stock Option Benefits. Product development has been reduced for Quizam. There have been increased product development costs for Ontracktv.

Results of Operations

1.4 The company has enjoyed positive revenue growth in Education and Software but no significant global licenses were signed this quarter. The company is continuing to see revenue from its on-line training division – OnTrackTV.com.

Summary of Quarterly Results

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

| Description | Feb 29 2008 | Nov 30 2007 | Aug 31 2007 | May 31 2007 | Feb 28 2007 | Nov 30 2006 | Aug 31 2006 | May 31 2006 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Sales | 97,509 | 590,402 | 87,752 | 129,514 | 336,231 | 306,137 | 286,734 | 69,152 |
| Income or (loss) before other items | (207,719) | 292,082 | (239,421) | (211,723) | 70,612 | 105,973 | 131,106 | (82,087) |
| Net Income or (loss) for the period | (347,882) | 154,910 | (376,926) | (409,229) | (188,234) | 19,207 | 5,361 | (294,129) |
| Shares Issued | 12,380,767 | 12,096,137 | 11,781,830 | 10,596,309 | 10,298,181 | 8,934,266 | 8,406,533 | 8,257,533 |
| Per Share | (.03) | .01 | (.03) | (.04) | (.002) | .002 | .001 | (.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 | February 2008 | May 2007 |
|--|----------------------|-----------------|
| Cash in the Bank | 232,477 | 491,243 |
| Accounts Receivable & Prepaid Expenses | 1,216,204 | 785,359 |
| Account Payable & Accrued Liabilities | 57,647 | 128,721 |
| Long Term Debt | 120,705 | 397,598 |

The company continues to enjoy a positive liquidity ratio. This has been consistent over the last 8 quarters.

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 February 29, 2008:
- a) In March the company completed and 500,000 unit Private Placement at \$0.85 per unit. Each unit came with a share and a 1 yr warrant. The warrant was priced at \$1.10 for the first 6 months and \$1.75 for the final 6 months.
 - b) Mike Skellern resigned as a director of the company.
 - c) In April School District #74 in BC signed a deal to pilot the Quizam Software with its students.

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 December 2007 to February 2008, a total of \$124,685 was paid for said services.
- b) Secured loan from significant shareholder bearing 12% had a balance owing as at February 29, 2008 of \$120,705.

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 marketing and distribution of Internet Training known as OnTrackTV.com
- c) Continue to sell Global Licenses for both Quizam and Ontracktv.

Changes in Accounting Policies including Initial Adoption

Changes in Accounting Policies

1.13 The Canadian Institute of Chartered Accountants ("CICA") issued two new accounting standards: Handbook Section 1530, Comprehensive Income and Handbook Section 3855, Financial Instruments – Recognition and Measurement. These sections are effective for fiscal years beginning on or after October 1, 2006. These new standards require certain financial assets and liabilities to be measured at fair value and establish a new measure of income, comprehensive income, to represent the change in net assets other than changes attributable to transactions with the Company's shareholders. The Company has adopted Section 1530 of CICA Handbook relating to comprehensive income. However, during this period, there is no reportable comprehensive income.

Financial Instruments – Section 3862 & 3863 – Disclosure and Presentation

The new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company is evaluating the impact of these new accounting standards on its consolidated financial statements.