

QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
31 May 2007 and 2006

GORDON K. W. GEE LTD.

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AUDITOR'S REPORT

To the Shareholders of Quizam Media Corporation

I have audited the consolidated balance sheets of Quizam Media Corporation as at 31 May 2007 and 2006 and the consolidated statements of operations and deficit and of cash flows for the years then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial positions of the company as at 31 May 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Vancouver
28 September 2007

CHARTERED ACCOUNTANT

**QUIZAM MEDIA CORPORATION
CONSOLIDATED BALANCE SHEET
AS AT 31 MAY**

	2007	2006
	\$	Restated \$
ASSETS		
Current		
Cash and term deposits	491,243	309,744
Accounts receivable	761,833	18,840
Prepaid expenses and deposits	10,925	6,509
Goods and Services tax recoverable	12,601	9,775
	1,276,602	344,868
Property, plant and equipment (Note 3)	43,813	47,071
	1,320,415	391,939
LIABILITIES		
Current		
Accounts payable and accrued liabilities	87,088	50,495
Current portion of obligation under capital leases	13,633	13,632
Current portion on debt settlement (Note 5)	28,000	33,600
	128,721	97,727
Long Term Debt		
Obligation under capital leases	-	13,633
Due to a related party (Note 10)	397,598	104,957
Proposal on debt settlement (Note 5)	-	28,000
	397,598	146,590
	526,319	244,317
SHAREHOLDERS' DEFICIT		
Capital Stock (Note 6)	5,763,790	4,539,415
Contributed Surplus (Note 7)	18,564	23,570
Deficit	(4,988,258)	(4,415,363)
	794,096	147,622
	1,320,415	391,939

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BROAD:

“Russ Rossi” Director

“Jim Rosevear” Director

QUIZAM MEDIA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED 31 MAY

	2007	2006
	\$	Restated \$
REVENUES		
License fees (Note 8)	735,000	-
Training services and software sales	323,616	251,552
	1,058,616	251,552
EXPENSES		
Accounting and legal	92,590	75,731
Advertising and promotion	25,093	5,624
Amortization	26,826	15,729
Automobile	20,869	21,377
Bank charges and interest	4,680	3,936
Interest on long-term debt	12,373	34,877
Management fees	72,000	72,000
Office and miscellaneous	62,739	61,195
Regulatory fees	34,418	35,838
Facilities costs	121,574	89,382
Subcontractors	14,679	16,654
Telephone	21,684	17,612
Travel and entertainment	94,512	38,880
Wages and benefits	243,503	170,005
Stock option benefits	115,109	23,570
	962,648	682,410
Income (Loss) before other items	95,968	(430,858)
OTHER ITEMS		
Interest income	1,183	1,525
Insurance claims	5,934	-
Training expenses	(36,771)	-
Product development costs (Note 9)	(639,208)	(482,611)
Net (Loss) for the year	(572,895)	(911,944)
Deficit, beginning of year - as previously stated	4,391,793	3,503,419
Restated option benefit costs (Note 12)	23,570	-
Deficit, beginning of year - as restated	4,415,363	3,503,419
Deficit, end of year	4,988,258	4,415,363
Basic and diluted weighted average loss per share	(0.04)	(0.09)
Weighted average number of shares	13,705,928	10,654,002

(See accompanying notes to the financial statements)

QUIZAM MEDIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2007 AND 2006

	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Net Income (loss) from operations	(572,895)	(911,944)
Items not affecting cash:		
Amortization	26,826	15,729
Stock option benefit	115,109	23,570
	(430,960)	(872,645)
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	(742,993)	43,620
Decrease (Increase) in prepaid expenses and deposits	(4,416)	6,671
Decrease (Increase) in goods and services tax recoverable	(2,826)	(9,775)
(Decrease) Increase in accounts payable and accrued liabilities	36,593	(18,921)
Decrease (Increase) in current portion of obligation under capital lease	1	-
Decrease (Increase) in asset portion on debt settlement	(5,600)	-
	(1,150,201)	(851,050)
FINANCING ACTIVITIES		
Repayments to related parties	292,641	(223,539)
Payment of capital lease obligations	(13,633)	(13,639)
Issuance of capital stock	1,104,260	1,376,431
Payment towards debt settlement	(28,000)	(33,600)
	1,355,268	1,105,653
INVESTING ACTIVITIES		
Acquisition of capital assets	(23,568)	(15,993)
INCREASE (DECREASE) IN CASH	181,499	238,610
CASH, beginning	309,744	71,134
CASH, ending	491,243	309,744
SUPPLEMENTARY INFORMATION:		
Interest on long-term debt	12,373	34,877
Income taxes paid	-	-

(See accompanying notes to the financial statements)

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 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 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:

	\$ 2007	\$ 2006
Working capital	1,147,881	247,141
Deficit	(4,988,258)	(4,415,363)

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.

**QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

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

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.

**QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)...

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 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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In April 2005, 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 not yet adopted these new standards and expects to do so prior to the required adoption date. The Company is currently assessing the implications of the new accounting standards on their 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; 2006 - \$ nil).

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.

Comparative figures

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007

3. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2007 NBV \$
Automobile – capital lease	64,052	51,242	12,810
Computer Hardware	289,313	261,458	28,255
Furniture and fixtures	68,959	68,388	571
Library	2,721	-	2,177
	425,445	381,632	43,813

	Cost \$	Accumulated Amortization \$	2006 NBV \$
Automobile - capital lease	64,052	38,431	25,621
Computer Hardware	268,722	248,820	19,902
Furniture and fixtures	68,959	67,410	1,549
	401,733	354,661	47,072

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.

4. LINE OF CREDIT

As at May 31, 2007 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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

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 08 March 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
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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
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Balance at May 31, 2007	10,596,309	5,763,790
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Escrow

As at May 31, 2007, 64,089 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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

6. CAPITAL STOCK (continued)

Stock options

As at year ended May 31, 2007, the Company has granted stock options to employees, officers, directors and consultants of the Company. Stock options outstanding and exercisable are summarized as follows:

	2007	2007	2006	2006
	Number of	Exercise	Number of	Exercise
	Options	Price	Options	Price
	#	\$	#	\$
- Expiring June 30, 2006			10,000	0.60
- Expiring April 11, 2007			85,500	0.50
- Expiring April 11, 2007			51,000	0.60
- Expiring April 11, 2007			35,000	0.70
- Expiring April 15, 2007			20,000	0.50
- Expiring June 17, 2007	129,500	0.50	317,000	0.50
- Expiring June 22, 2007	20,000	1.92	20,000	1.92
- Expiring May 23, 2008	110,000	1.20		
- Expiring May 23, 2008	65,000	1.30		
- Expiring November 9, 2008	25,000	0.60		
Balance, May 31, 2007 and 2006	349,500	n/a	538,500	n/a
Weighted average fair value of options granted	n/a	0.96	n/a	0.61

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:

	2007	2006
Risk-free interest rate	3.9% to 4.56%	3.8% to 4.5%
Expected life of options	1-2 years	1 year
Expected volatility	50% to 100%	100%
Expected dividend yield	0.0%	0.0%

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

6. CAPITAL STOCK (continued)

Warrants

At May 31, 2007, warrants outstanding for the purchase of common shares were:

Number Of Shares 2007	Number of Shares 2006	Exercise Price \$	Expiry Date
	18,750	1.00	August 8, 2006
	171,182	0.92	November 9, 2006
	1,170,000	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
641,060	1,106,060	0.22	June 24, 2007
287,000	312,000	0.50	October 7, 2007
520,384	-	0.90 to July 8/07 or	January 8, 2008
		1.30 to January 8/08	January 8, 2008

7. CONTRIBUTED SURPLUS

	\$
Balance, May 31, 2005	-
Stock options vested (Restated)	23,570
Balance, May 31, 2006 (Restated)	23,570
Stock options vested	115,109
Stock options exercised	(120,115)
Balance, May 31, 2007	18,564

8. 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.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

8. LICENSE FEES . Continued)

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.

9. 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:

	2007	2006
	\$	\$
Salary, wages and fees (programming and marketing)	402,983	220,087
Materials	71,842	108,712
Marketing	89,923	89,131
Advertising and promotion	74,460	64,681
	639,208	482,611

10. RELATED PARTY TRANSACTIONS

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

The Company owes \$397,598 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. During the year the loan increased by \$292,641 (2006–decrease of \$223,539.)

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.. \$435,147 (2006-\$424,413) was paid for these services during the year.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

10. RELATED PARTY TRANSACTIONS (continued)

\$43,868 (2006-\$39,000) was paid during the year to a company owned by a relative to one of the directors for marketing and publicity.

Significant shareholders were paid \$5,447 (2006- \$2,408) in interest on loans to the Company.

11. INCOME TAXES

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

	2007	2006
	\$	\$
Statutory tax rate	34.1%	34.9%
Income (Loss) for the year	(572,895)	(911,944)
Expected income tax recovery	195,357	318,268
Non-deductible expenses and other item for tax purposes	(12,500)	(10,692)
Unrecognized benefit of non-capital losses	(182,857)	(307,576)
Total income taxes	-	-

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

	2007	2006
	\$	\$
Future income tax assets (liabilities)		
Property, plant and equipment	(15,194)	(2,243)
Non-capital loss carry forwards	(1,612,930)	2,230,750
	(1,628,124)	2,228,507
Valuation allowance	(1,628,124)	(2,228,507)
Net future income tax assets	-	-

The Company has non-capital losses of approximately \$4,730,000 available for deduction against future taxable income. These losses, if not utilized, will expire between 2008 and 2027. Future tax benefits, which may arise as a result of these non-capital losses, have not been recognized in these consolidated financial statements.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MAY 2007 AND 2006

12. RESTATEMENT

The comparative figures for the year ended May 31, 2006 have been restated for an error of \$23,570 made in recording stock option benefits and contributed surplus. The benefits had previously been calculated as the difference between the fair value of the shares and the exercise price of the optioned shares, instead of the fair value of the optioned shares vesting during the period using the Black-Scholes pricing model (Note 6). Accordingly, stock option benefits for the year ended May 31, 2006 and contributed surplus and deficit at May 31, 2006 have been increased by \$23,570, and the loss per share by \$0.002.

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 have reconsidered their assessment of internal control financial reporting as of May 31, 2007, 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.

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.

Date of Information

1.1 September 26, 2008

Overall Performance and Results of Operation

- .2 The company's cash position continues to be strong. Our accounts receivables have increased due to Quizam Licence fees that have not yet been paid for. Our training division continues to improve its performance and management feels we are gaining more market share quarter over quarter.

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 increase in 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 seems to becoming 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 described below, though our general revenue has increased the most dramatic increases to our revenue is from Global Quizam Licence sales.

Compared to last Year's End financials (ending May 2006) there has been positive increase in revenues. Revenues have increased more than 4 times from \$251,552 to \$1,058,616. This is an increase of \$807,064.

Excluding development costs the company actually had a \$95,968 profit which is a \$526,826 positive profit swing from the previous year. Our product development costs were roughly \$639,000. This translates into a bottom line loss for the year of \$572,895. This is a \$339,049 improvement in profitability when compared to last year May 2006.

Our Quizam product development costs have increased from \$482,611 to \$639,208. We feel this cost is acceptable since it has permitted the company to achieve all of its year goals including New Version Release of Quizam 3.0, Multi-Lingual interface (including French, Russian, Polish, Lithuanian, Arabic and Spanish), new integrated Website and initial stages of Mobile Cell phone version of Quizam.

The company has been very effective in networking globally. Through international trade shows and internet marketing the company has been able to sign up massive 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 increased appreciation for education and training 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 value 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.

With regards to Corporate Training, the challenge for the Company is to develop a quality attractive internet medium that will attract corporate users to learn on line. The company is working diligently in this regard and feels that it will have a significant library of Corporate On-Line courses by June 2008.

Selected Annual Information

.3	2007	2006	2005
	Year-Ended	Year-Ended	Year-Ended
	May 31	May 31	May 31
a) Net Sales	1,058,616	251,552	687,173
b) Net Income (Loss)	(572,895)	(911,944)	(666,440)
c) Net Income (Loss)	(572,895)	(911,944)	(666,440)
d) Total Assets	1,320,415	391,939	193,581
e) Long-Term Liability	397,598	146,590	417,368
f) Cash Dividends	0	0	0

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

In 2005 Net Income and Net Profit enjoyed an approximate \$220,000 one time expense reversal because of a restructuring proposal with our creditors. The one time expense recovery resulted from a Proposal that was made to the general creditors of On Track Computer Training Ltd. (“On Track”) pursuant to the provisions of the *Bankruptcy and Insolvency Act*. The Proposal, which was accepted by the creditors and sanctioned by the Supreme Court of British Columbia, reduced the amount due to the general creditors (ie the one time expense recovery) and made it payable over 40 months (last payment March 2008).

During 2006 we streamlined operations and discontinued any training/educational business that didn’t produce at least 56% gross margin. In 2007 our training revenue increased and we started selling Global Quizam Licenses. The streamlining of 2006 also helped the company to decrease its overall costs. Total assets in 2007 are higher due to the Global Licenses not being paid for and remaining on our receivables list.

Summary of Quarterly Results

1.5 For the Quarters Ended

Description	May 31 2007	Feb 28 2007	Nov 30 2006	Aug 31 2006	May 31 2006	Feb 28 2006	Nov 30 2005	Aug 31 2005
Net Sales	129514	336231	306137	286734	69152	82971	48725	50704
Income or (loss) before other items	(211,723)	70612	105973	131106	(82,087)	(98,696)	(119598)	(130,477)
Net Income or (loss) for the period	(409,229)	(188,234)	19207	5361	(294,129)	(218,386)	(197,147)	(202,282)
Shares Issued	10596309	10298181	8934266	8406533	8257533	7069665	4954437	4572187
Per Share	(0.04)	(0.02)	0.002	0.001	(0.04)	(0.03)	(0.04)	(0.04)

Over the last 8 quarters the significant jumps in revenue can be attributed to the Quizam Territory Licenses. No global licenses were sold during the last quarter ending May 31, 2007. The company sold territory licences in the quarters ending Feb'07/ Nov '06/ Aug '06 . Notwithstanding the Territory Licenses the company continues to see increases in quarterly revenue from education and training. The company is experiencing an exchange rate charge for those licences as they were charged in US funds when they entered the receivables ledger. Since that time the strengthening Canadian dollar has reduced the value of that charge. In future all of our global Licence sales will be in Canadian dollars.

Liquidity and Capital Resources

.6 The company's liquidity (relationship between current assets and current liabilities) is continuing to improve impressively. As of May 31, 2007 our liquidity ratio is positive 11:1 compared to 3:1 one year previous.

Quick current ratio	May 2007	May 2006
Cash in the Bank	491,243	309,744
Accounts Receivable & Prepaid Expenses	785,359	35,124
Account Payable & Accrued Liabilities	128,721	97,727
Long Term Debt	397,598	146,590

As at May 31, 2007 the Company has nearly \$500,000 in the bank which together with receivables and prepaid expenses (less current liabilities) translated to working capital of \$1,147,881. This is an increase of roughly \$900,000 over the previous year.

Over the past year 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.

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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.

Subsequent Events

1.8 The following events occurred subsequent to May 31, 2007:

1. Quizam has signed pilot school deals with at least 60 schools in the USA and around the world
2. Quizam has signed a deal with Kenwood school district in California to conduct a multi month focus program using Quizam.

Transactions with Related Parties

1.9 The Following transactions took place with a related party.

a) Quizam Media and On-Track outsource several services to the staff of Blueskyview Software Corp., a company owned by a significant shareholder named Russ Rossi.

From Jun 30, 2006 to May 31, 2007, a total of \$ 435,147 was paid for the following services.

Management	72,000.00
Accounting/Audit	73,727.78
Legal Fees	1,867.33
Press Releases	5,050.00
TSX administration	9,225.00
Training Expenses	29,201.73
Transportation	20,120.00
Software Development	214,867.23
Office Expenses	9,087.87

b) A secured loan from Russ Rossi, a significant shareholder bearing 12% had a balance owing as at May 31, 2007 of \$397,598.

c) 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

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are based on historical values of actual amounts received, in monetary values.

Fourth Quarter

- .10 The 4th Quarter revenue was roughly \$135,000. This is weaker than the preceding 3rd Quarter mostly due to the re organization of our global Quizam License Sales. The company is improving the design of the Global License program to accelerate payment for license and royalty fees. This redesign temporarily delayed the registration of new Licensees. Management anticipates more Country Licenses coming on board in the coming quarters.

The training revenues were up roughly 50% compared to the previous quarter. When compared to the same quarter in the previous year training revenues were up 50% as well.

Proposed Transactions

- .11 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

Financial Instruments

Financial instruments included 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) Licence Fee Receivable for South Africa and Gulf states (\$750,000 USD)
- b) a currency risk for amounts denominated in US dollars. (\$750,000; 2007 - \$750,000)

It is management's opinion that that above noted credit risk will have no impact on the liquidity of the company.

Changes in Accounting Policies

1.13 Change in Accounting Policies

Effective June 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 1530 – “Comprehensive Income”.

Section 3855 provides guidance on when a financial instrument must be recognized on the balance sheet and how it is to be measured. It also provides guidance on the presentation of gains and losses on financial instruments.

Section 1530 requires an entity to recognize certain unrealized gains and losses in “other comprehensive income”, an account included in unit holders’ equity, until such gains and losses are realized and then recognized in net earnings, and requires the introduction of a statement of comprehensive income.

Accordingly, the adoption of this standard has not had an impact on the financial statements of the Company, either as a transitional adjustment or in the reporting of current year’s balance. Prior year’s financial statements have not been restated for the adoption of this new accounting policy.

Future Accounting Changes:

Financial Instruments – Presentation and Disclosure

The CICA has issued two new accounting standards 3862 Financial Instruments – Disclosures, and Section 3863 Financial Instruments Presentation. These sections will replace section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new sections will place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The mandatory effective date is for fiscal years beginning on or after October 1, 2007. This new requirement is for disclosure only and will not impact the financial results of the Company.

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	12,771,360
Stock options available	98,000
Warrants	500,000