



QUIZAM MEDIA CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FEBRUARY 29, 2012

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

QUIZAM MEDIA CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	As At February 29 2012 \$	As At May 31 2011 \$	As At June 1 2010 \$ (Note 15)
ASSETS			
Current			
Cash and cash equivalents	14,828	181,585	46,010
Accounts receivable	43,595	53,377	38,770
Prepaid expenses and deposits	9,048	10,412	7,980
HST tax recoverable	7,215	6,997	3,762
Loans receivable (Note 5)	12,977	12,837	14,227
	87,663	265,208	110,749
Equipment (Note 4)	22,496	19,706	16,042
	110,159	284,914	126,791
LIABILITIES			
Current			
Accounts payable and accrued liabilities	137,797	63,473	127,079
Deferred revenue	-	11,797	6,196
Due to a related party (Note 10)	128,149	309,677	45,602
Promissory note payable (Note 11)	104,722	-	-
	370,668	384,947	178,877
SHAREHOLDERS' DEFICIENCY			
Share capital (Note 6)	10,924,079	10,303,807	9,280,898
Contributed surplus	614,106	614,106	574,732
Share subscriptions	-	-	40,000
Deficit	(11,798,694)	(11,017,946)	(9,947,716)
	(260,509)	(100,033)	(52,086)
	110,159	284,914	126,791

Nature of operations and continuance of business (Note 1)

Commitments (Note 15)

Subsequent Event (Note 17)

APPROVED ON BEHALF OF THE BOARD ON APRIL 27, 2012:

/s/ "Russ Rossi"

Russ Rossi, Director

/s/ "Jim Rosevear"

Jim Rosevear, Director

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

QUIZAM MEDIA CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending February 29 2012 \$	Three Months Ending February 28 2011 \$	Nine Months Ending February 29 2012 \$	Nine Months Ending February 28 2011 \$
REVENUES				
Training services and software sales	171,262	116,227	442,216	397,508
On-Track TV sales	12,764	-	24,265	-
U.K. software sales	-	20,731	1,674	22,234
	<u>184,026</u>	<u>136,958</u>	<u>468,155</u>	<u>419,742</u>
EXPENSES				
Accounting and legal	42,380	32,100	120,436	107,755
Advertising and promotion	893	-	893	-
Automobile	4,292	4,451	13,028	14,027
Bank charges and interest	796	626	1,824	1,908
Depreciation	2,786	2,581	7,993	9,320
Interest on related party debt (Note 10)	2,188	15,065	11,215	26,523
Interest on promissory note (Note 11)	3,831	-	7,522	-
Investor and finance development	12,901	6,017	39,784	36,405
Management fees	18,000	18,000	54,000	54,000
Office and miscellaneous	19,959	22,397	56,907	74,206
On-Track TV development costs (Note 9)	76,786	84,572	295,361	279,288
Regulatory fees	3,748	6,515	9,168	19,328
Rents	54,212	43,372	155,310	137,791
Software development costs (Note 9)	34,711	55,305	109,433	126,355
Stock based compensation (Note 7)	-	13,358	-	13,358
Subcontractors	54,567	300	80,067	1,550
Travel and business development	28,392	19,927	68,276	105,843
Wages and benefits	71,990	63,261	218,866	212,387
	<u>432,432</u>	<u>387,847</u>	<u>1,250,083</u>	<u>1,220,044</u>
LOSS BEFORE OTHER ITEMS	(248,406)	(250,889)	(781,928)	(800,302)
OTHER ITEMS				
Interest income	320	510	1,180	1,818
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u>(248,086)</u>	<u>(250,379)</u>	<u>(780,748)</u>	<u>(798,484)</u>
WEIGHTED AVERAGE LOSS PER SHARE BASIC AND DILUTED	<u>(0.005)</u>	<u>(0.008)</u>	<u>(0.016)</u>	<u>(0.024)</u>
WEIGHTED AVERAGE NUMBER OF SHARES	<u>48,244,306</u>	<u>32,854,388</u>	<u>48,244,306</u>	<u>32,854,388</u>

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

QUIZAM MEDIA CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE NINE MONTHS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Nine Months Ending February 29 2012 \$	Nine Months Ending February 28 2011 \$
OPERATING ACTIVITIES		
Net loss	(780,748)	(798,484)
Items not affecting cash:		
Depreciation	7,993	9,320
Share based compensation	-	13,358
Changes in non-cash working capital items:		
Accounts receivable	9,782	(11,944)
Prepaid expenses and deposits	1,364	(2,038)
HST tax recoverable	(218)	(3,432)
Accounts payable and accrued liabilities	74,324	(85,011)
Deferred revenue	(11,797)	(6,196)
CASH USED IN OPERATING ACTIVITIES	(699,300)	(884,427)
FINANCING ACTIVITIES		
Advances from (repayments to) related parties	(181,528)	442,116
Promissory note payable	104,722	-
Issuance of common shares, net	620,271	684,880
Share subscriptions	-	(4,000)
CASH PROVIDED BY FINANCING ACTIVITIES	543,465	1,122,996
INVESTING ACTIVITIES		
Payments on (issuance of) loans receivable	(140)	(478)
Acquisition of equipment	(10,782)	(10,633)
CASH USED IN INVESTING ACTIVITIES	(10,922)	(11,111)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(166,757)	227,458
CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	181,585	46,010
CASH AND CASH EQUIVALENTS – ENDING OF THE PERIOD	14,828	273,468
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Issuance of shares for finders' fees	20,750	31,025
SUPPLEMENTAL INFORMATION		
Interest paid (Notes 10 & 11)	18,737	26,523
Income tax paid	-	-

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

QUIZAM MEDIA CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

FOR THE NINE MONTHS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount	Contributed Surplus	Share subscriptions	Share subscriptions receivable	Deficit	Total
As at June 1, 2010	25,243,710	\$ 9,280,898	\$ 574,732	\$ 40,000	\$ –	\$ (9,947,716)	\$ (52,086)
Common shares issued	7,777,777	700,000	–	(40,000)	–	–	660,000
Issued as finder's fees	344,722	31,025	–	–	–	–	31,025
Share issuance costs	–	(46,145)	–	–	–	–	(46,145)
Share based compensation	–	–	13,358	–	–	–	13,358
Net loss for the period	–	–	–	–	–	(798,484)	(798,484)
As at February 28, 2011	33,366,209	\$ 9,965,778	\$ 588,090	\$ –	\$ –	\$ (10,746,200)	\$ (192,332)
As at June 1, 2011	39,418,709	\$ 10,303,807	\$ 614,106	\$ –	\$ –	\$ (11,017,946)	\$ (100,033)
Common shares issued	12,500,000	625,000	–	–	–	–	625,000
Share subscriptions receivable	–	–	–	–	(40,000)	–	(40,000)
Issued as finder's fees	415,000	20,750	–	–	–	–	20,750
Share issuance costs	–	(25,478)	–	–	–	–	(25,478)
Net loss for the period	–	–	–	–	–	(780,748)	(780,748)
As at February 29, 2012	52,333,709	\$ 10,924,079	\$ 614,106	\$ –	\$ (40,000)	\$ (11,798,694)	\$ (300,509)

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Quizam 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’s principal business activity consists of providing computer training and consulting services and marketing of a computer based educational program. The address of the Company’s corporate office and its principal place of business is 1600-650 West Georgia Street, Vancouver, BC, V6B 4N7.

These condensed interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has had a history of significant losses, sizeable accumulated deficits and limited working capital. The Company’s ability to continue as a going concern may therefore be dependent on completing equity financing, obtaining support from related parties or generating consistent profitable operations in the future.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. These are the Company’s first IFRS condensed interim financial statements for a portion of the period covered by the Company’s first IFRS annual financial statements for year ending May 31, 2012. Subject to certain IFRS transition elections disclosed in Note 15, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at June 1, 2010 and throughout all periods presented, as if the policies have always been in effect. These condensed interim financial statements do not contain all of the information required for full annual financial statements. The Company prepared its previous 2011 annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) and these condensed interim financial statements should be read in conjunction with the Company’s 2011 annual financial statements considering the IFRS transition disclosures included in Note 15.

b) Going concern

These interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$11,541,460 at November 30, 2011 which has been funded primarily by issuance of shares. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able continue to do so in the future.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, On-Track Computer Training Ltd. (“On-Track”). On-Track Computer Training Ltd. was incorporated in Canada and as at November 30, 2011 is 100% owned by Quizam Media Corporation. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement basis - These condensed interim consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

Use of estimates - The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates relate to revenue recognition, the valuation allowance for future income tax assets and share-based payments. Actual results could differ from these estimates.

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

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

Equipment - Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives as follows:

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

Long-lived assets and impairment- The Company evaluates, on an ongoing basis, the carrying value of equipment and other assets, for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share issuance costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Income taxes - The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any deferred income tax asset to the extent that it is not probable the asset will be realized.

Revenue recognition

a) Training revenue

Training revenues are recorded when a student attends a course, this is the date at which the stage of completion and costs of the transaction can be reliably measured, the amount of revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Company.

b) On-Track TV revenue

On-Track TV revenues are those whereby customers sign up and pay for access to a video library. The revenues are recorded when access to the On-Track TV website has been granted and collection is probable.

c) Software revenue

The Company records revenue from the sale of software when the customers download the software from the Company's website and collection is reasonably assured which is generally when direct payment is received.

d) License fee revenue

License fees are recorded in the accounts when all conditions have been met under the license agreement, the licensee is satisfied with the operations of the software, and collection is probable, which is generally when payment is received.

Share-based payments - The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings (Loss) per share - Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income (loss) per share.

The existence of warrants and options affects the calculation of earnings (loss) per share on a fully diluted basis. As the effect of this dilution is to increase the reported earnings per share and reduce the reported loss per share and diluted per share amounts excludes all potential common shares if their effect is anti-dilutive.

Development costs – Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the year.

Financial instruments - All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, accounts receivable, loans receivable, due to related parties and accounts payable. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has recognized its cash and cash equivalents, accounts receivable and loans receivable at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

b) Financial liabilities

The Company has recognized its accounts payable and due to related parties as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

New accounting standards issued but not yet effective - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after June 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective June 1, 2012

Amendments to IFRS 7 *Financial Instruments: Disclosures* - In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim financial statements.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 12 *Income taxes* - In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim financial statements.

New accounting standards effective June 1, 2013

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim consolidated financial statements or whether to early adopt any of the new requirements.

4. EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Library	Total
As at June 1, 2010	\$ 329,252	\$ 69,241	\$ 3,651	\$ 402,144
Additions	15,464	-	-	15,464
As at May 31, 2011	\$ 344,716	\$ 69,241	\$ 3,651	\$ 417,608
Additions	3,502	6,650	629	10,781
As at February 29, 2012	\$ 348,218	\$ 75,891	\$ 4,280	\$ 428,389
Accumulated Depreciation				
As at June 1, 2010	\$ 314,821	\$ 69,058	\$ 2,223	\$ 386,102
Depreciation	11,013	56	731	11,800
As at May 31, 2011	\$ 325,834	\$ 69,114	\$ 2,954	\$ 397,902
Depreciation	6,888	895	208	7,991
As at February 29, 2012	\$ 332,722	\$ 70,009	\$ 3,162	\$ 405,893
Carrying Amounts				
Balance, June 1, 2010	\$ 14,431	\$ 183	\$ 1,428	\$ 16,042
Balance, May 31, 2011	\$ 18,882	\$ 127	\$ 697	\$ 19,706
Balance, February 29, 2012	\$ 15,496	\$ 5,882	\$ 1,118	\$ 22,496

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. LOANS RECEIVABLE

The Company has developed a program where it shares marketing and sales expenses with its licensees. Any monies advanced to licensees will take the form of an interest bearing loan and must be paid back to the Company. In fiscal 2010, the Company advanced £7,600 pounds (repayable at CDN \$14,227 including interest) to Central Media Services Limited, a UK Licensee. The loan bears a fixed interest rate of 5% per annum calculated monthly. There are no fixed terms of repayment. At February 29, 2012, the balance is CDN \$12,977 including interest.

6. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value. Disclosures on any common shares issued are provided in the Statements of Changes in Shareholders' Equity.

Transactions for the nine months ended February 29, 2012 and February 28, 2011:

In October 2011, the Company completed a non-brokered private placement consisting of 6,500,000 units at \$0.05 per unit for proceeds of \$325,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.10 for the first six months and \$0.20 for the second six-month period expiring on October 19, 2012. In connection with the private placement, the Company issued 100,000 common shares as finders' fees with a fair value of \$5,000.

In August 2011, the Company completed a non-brokered private placement consisting of 6,000,000 units at \$0.05 per unit for proceeds of \$300,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.10 for the first six months and \$0.20 for the second six-month period expiring on August 29, 2012. In connection with the private placement, the Company issued 315,000 common shares as finders' fees with a fair value of \$15,750. The Company had \$40,000 in share subscriptions receivable as at August 31, 2011.

In June 2010, the Company completed a non-brokered private placement consisting of 7,777,777 units at \$0.09 per unit for proceeds of \$700,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.20 for the first six months and \$0.40 for the second six-month period expiring on June 23, 2011. In connection with the private placement, the Company recorded the issuance of 344,722 shares as finders' fees with a fair value of \$31,025 as share issuance costs. The Company had received \$40,000 in share subscriptions as at May 31, 2010.

7. STOCK OPTIONS

Stock option plan and stock options issued

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Plan"). Under the Plan, the option price must not be less than the closing price of the common shares of the Company on the TSX Venture Exchange ("TSX") on the day immediately preceding the date of grant less the applicable discount if any. The Company is a "Tier 2" TSX company therefore any option granted under the Plan must be exercised within a period of two years from the date of granting. The number of options that may be issued under the plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options vest immediately. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

7. STOCK OPTIONS (Continued)

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

	Number of shares	Weighted Average Exercise Price \$
Outstanding, May 31, 2010	1,962,500	0.27
Cancelled/expired	(1,912,500)	0.27
Granted	915,000	0.12
Outstanding, May 31, 2011	965,000	0.13
Cancelled/expired	(365,000)	0.10
Outstanding, February 29, 2012	600,000	0.14

8. SHARE PURCHASE WARRANTS

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

	Number of shares	Weighted Average Exercise Price \$
Balance, May 31, 2010	7,463,957	0.50
Issued with private placements	13,527,777	0.18
Expired	(7,463,957)	0.50
Balance, May 31, 2011	13,527,777	0.18
Issued with private placements	12,500,000	0.10
Expired	(7,777,777)	0.40
Balance, February 29, 2012	18,250,000	0.16

At February 29, 2012, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
5,750,000	\$0.15 to Sep 17, 2011 or 0.30 to Mar 18, 2011	March 18, 2012
6,000,000	\$0.10 to Feb 29, 2012 or 0.20 to Aug 29, 2012	August 29, 2012
6,500,000	\$0.10 to Apr 18, 2012 or 0.20 to Oct 19, 2012	October 19, 2012

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During the current period, the Company finished a complete set of on-line curriculum for its training division called On-Track TV.

The costs associated with development of the On-Track TV, which are included in the statement of operations, and comprehensive loss and deficit, for the nine months ended February 29, 2012 and February 28, 2011 are as follows:

	2012	2011
	\$	\$
Salary, wages and fees (management, programming and marketing)	289,917	244,121
Materials	1,107	523
Marketing	37	4,970
Advertising and promotion	4,300	29,674
	<u>295,361</u>	<u>279,288</u>

(b) Quizam software

During the current period, the Company continued to concentrate its efforts on the development and marketing of the Quizam educational software. This activity has resulted in a third version of the educational software, which has also been adapted for compatibility with the Mac platform format.

The costs associated with development of the Quizam educational software, which are included in the statement of operations, and comprehensive loss and deficit, for the nine months ended February 29, 2012 and February 28, 2011 are as follows:

	2012	2011
	\$	\$
Salary, wages and fees (management, programming and marketing)	104,673	124,240
Materials	-	521
Marketing	-	-
Advertising and promotion	4,760	1,594
	<u>109,433</u>	<u>126,355</u>

10. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

- (a) The Company owes \$128,149 (February 28, 2011 - \$487,718) to a significant shareholder, who is also a director and officer. The loan is secured by the assets of the Company, bears interest at 12% per annum and is due upon demand.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

10. RELATED PARTY TRANSACTIONS (Continued)

- (b) Management, administration, accounting and software development are provided by a company owned by a significant shareholder. An amount of \$369,533 (2011 - \$439,290) was paid for these services during the nine months ending February 29, 2012.
- (c) Marketing and publicity fees totalling \$66,205 (2011 - \$18,259) were paid to a company owned by a relative of one of the directors.
- (d) Marketing and publicity fees totalling \$49,515 (2011 - \$52,647) were paid to relatives of one of the directors.
- (e) A significant shareholder was paid \$11,215 (2011 - \$26,523) in interest on loans to the Company. These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities.

11. PROMISSORY NOTE PAYABLE

On September 20, 2011, the Company signed a promissory note whereby the Company was obligated to pay a company owned by a significant shareholder (the "Lender"), the principal sum of \$125,000. The loan bears interest at 15% per annum. The term is for a maximum of 12 months. However, the Company may pay parts or all of it off earlier. At February 29, 2012, the balance is \$104,722 including interest.

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. LINE OF CREDIT

As at February 29, 2012, the Company has a line of credit of \$5,000 bearing interest at the bank's prime rate plus five percent. The line of credit is guaranteed by the assets of the Company. There was a balance of 376 as of February 29, 2012.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. To minimize its credit risk, the Company maintains substantially all of its cash with high quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. Five of the Company's customer accounts (2011 - three) comprise 56% (2011 – 51%) of accounts receivable.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Of the 61 days and over balance outstanding at February 29, 2012, 77% has been subsequently collected as at April 16, 2012. Management believes the remaining balance is fully collectible.

Liquidity Risk - The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term exploration, development, and general and administrative expenditures. The Company's cash equivalents are invested in business guaranteed investment certificates which are immediately available on demand when required. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk - As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the United States dollar and Great Britain pound. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. 99% of the Company's revenues are denominated in Canadian Dollars (2011 – 85%) while substantially all of the Company's expenses are denominated in Canadian dollars. At February 29, 2012, a fluctuation of 10% in the currency exchange rate could result in a fluctuation of approximately \$15 on our consolidated results of operations, based on US\$ and UK£ account balances. The Company does not engage in any hedging activity.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company's ability to raise capital to fund development is subject to risks associated with fluctuations in the market. Management closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

15. COMMITMENTS

The Company has extended an office lease through October 31, 2013 and is committed to the following lease payments during the next three fiscal years under the lease for its premises:

	\$
2012	24,889
2013	101,788
2014	43,076

The Company has also signed a new office lease from March 1, 2011 to October 31, 2013 and is committed to the following lease payments during the next three fiscal years under the lease for its premises. This new space is for its online training division, ontrackTV.

	\$
2012	5,948
2013	24,324
2014	10,294

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

16. FIRST TIME ADOPTION OF IFRS

a) Transition to IFRS

The Company has adopted IFRS effective June 1, 2011 with a transition date of June 1, 2010. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian GAAP.

The comparative information presented in these first condensed interim financial statements for the nine months ended February 28, 2011, year ended May 31, 2011 and the opening financial position as at June 1, 2010 (the "Transition Date") have been prepared in accordance with the accounting policies referenced in Note 3 and IFRS 1, *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1").

b) Initial elections upon adoption

The Company adopted IFRS in accordance with IFRS 1 which requires the retrospective application of IFRS at the Transition Date with all adjustments to assets and liabilities taken to deficit, subject to mandatory exceptions and the application of optional exemptions. The IFRS 1 exceptions applied in the conversion from Canadian GAAP to IFRS by the Company are explained as follows:

(i) Share-based payments – The Company elected under IFRS 1 to apply IFRS 2, *Share-Based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

(ii) Business combinations – The Company elected under IFRS 1 to not to apply IFRS 3, *Business Combinations* retrospectively to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

(iii) Compound financial instruments – The Company has elected under IFRS 1 not to retrospectively separate the liability and equity components of any compound instruments for which the liability component is no longer outstanding at the Transition Date.

c) Estimates

IFRS 1 does not permit changes to estimates previously made. Accordingly, estimates used at the Transition Date are consistent with estimates made at the same date under Canadian GAAP.

d) Reconciliation between Canadian GAAP and IFRS

In preparing the Company's IFRS Transition Date statement of financial position management noted that no adjustments were necessary to be made by the Company previously in its financial statements prepared in accordance with previous Canadian GAAP.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

16. FIRST TIME ADOPTION OF IFRS (Continued)

The June 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	Jun 1, 2010 Canadian GAAP	Effect of IFRS Transition	Jun 1, 2010 IFRS
Total Assets	\$ 126,791	\$ –	\$ 126,791
Total Liabilities	\$ 178,877	\$ –	\$ 178,877
Total Shareholders' Deficiency	(52,086)	–	(52,086)
Total Liabilities and Shareholders' Deficiency	\$ 126,791	\$ –	\$ 126,791

The February 28, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	Feb 28, 2011 Canadian GAAP	Effect of IFRS Transition	Feb 28, 2011 IFRS
Total Assets	\$ 373,454	\$ –	\$ 373,454
Total Liabilities	\$ 529,786	\$ –	\$ 529,786
Total Shareholders' Equity	(156,332)	–	(156,332)
Total Liabilities and Shareholders' Equity	\$ 373,454	\$ –	\$ 373,454

The May 31, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	May 31, 2011 Canadian GAAP	Effect of IFRS Transition	May 31, 2011 IFRS
Total Assets	\$ 284,914	\$ –	\$ 284,914
Total Liabilities	\$ 384,947	\$ –	\$ 384,947
Total Shareholders' Deficiency	(100,033)	–	(100,033)
Total Liabilities and Shareholders' Deficiency	\$ 284,914	\$ –	\$ 284,914

QUIZAM MEDIA CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

16. FIRST TIME ADOPTION OF IFRS (continued)

IFRS 1 also requires reconciliation disclosures that explain how the transition from Canadian GAAP to IFRS has affected the Company's previously reported comprehensive income (loss) for the year ended May 31, 2011, three months and nine months ended February 28, 2011. As management noted that no reconciling adjustments were made, an explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's comprehensive income (loss) is not included in the accompanying notes.

Statement of Operations and Comprehensive Loss	Year Ended May 31, 2011 Canadian GAAP	Effect of IFRS Transition	Year Ended May 31, 2011 IFRS
Revenue	\$ 574,806	\$ –	\$ 574,806
Total expenses	\$ (1,647,725)	\$ –	\$ (1,647,725)
Total other items	2,689	–	2,689
Net loss and comprehensive loss	\$ (1,070,230)	\$ –	\$ (1,070,230)

Statement of Operations and Comprehensive Loss	3 months ended Feb 28, 2011 Canadian GAAP	Effect of IFRS Transition	3 months ended Feb 28, 2011 IFRS
Revenue	\$ 136,958	\$ –	\$ 136,925
Total expenses	\$ (250,889)	\$ –	\$ (250,889)
Total other items	510	–	510
Net loss and comprehensive loss	\$ (250,379)	\$ –	\$ (250,379)

Statement of Operations and Comprehensive Loss	9 months ended Feb 28, 2011 Canadian GAAP	Effect of IFRS Transition	9 months ended Feb 28, 2011 IFRS
Revenue	\$ 419,742	\$ –	\$ 419,742
Total expenses	\$ (1,220,044)	\$ –	\$ (1,220,044)
Total other items	1,818	–	1,818
Net loss and comprehensive loss	\$ (798,484)	\$ –	\$ (798,484)

17. SUBSEQUENT EVENT

In April 2012, the Company completed a non-brokered private placement consisting of 5,200,000 units issued at a price of \$0.05 per unit for gross proceeds of \$260,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.15 for the first year and \$0.25 for the second year expiring April 23, 2014. In connection with the private placement, the Company issued 260,000 shares as finders' fees with a fair value of \$13,000.