QUIZAM MEDIA CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

November 30, 2010

QUIZAM MEDIA CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited – Prepared by Management)

	As At November 30 2010 $	As At May 31 2010 $
ASSETS		
Current		
Cash and cash equivalents	604,284	46,010
Accounts receivable	46,526	38,770
Prepaid expenses and deposits	12,483	7,980
Goods and services tax recoverable	10,468	3,762
Loans receivable (Note 5)	14,573	14,227
	688,334	110,749
Equipment (Note 4)	15,624	16,042
	703,958	126,791
LIABILITIES		
Current		
Accounts payable and accrued liabilities	80,131	127,079
Deferred revenue	-	6,196
Due to a related party (Note 12)	575,551	45,602
	655,682	178,877
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 6)	9,965,778	9,280,898
Contributed Surplus (Note 9)	574,732	574,732
Share Subscriptions (Note 6)	-	40,000
Deficit	(10,492,234)	(9,947,716)
	48,276	(52,086)
	703,958	126,791

Nature of Operations and Continuance of Business [Note 1]
Commitment [Note 15]
Subsequent Events [Note 16]

APPROVED ON BEHALF OF THE BOARD:

/s/ "Russ Rossi"
Russ Rossi, Director

/s/ "Jim Rosevear"
Jim Rosevear, Director

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30

	Three Months Ending November 30, 2010 $	Three Months Ending November 30, 2009 $	Six Months Ending November 30, 2010 $	Six Months Ending November 30, 2009 $
REVENUES				
Training services and software sales	144,287	144,509	281,281	247,633
U.K. ontrack TV sales	469	17,362	1,503	17,362
	144,756	161,871	282,784	264,995
EXPENSES				
Accounting and legal	38,448	36,972	75,655	74,572
Advertising and promotion	-	2,395	-	2,755
Amortization	3,145	3,574	6,739	7,386
Automobile	4,576	5,983	9,576	13,647
Bank charges and interest	809	808	1,477	1,574
Interest on related party debt	11,138	2,971	11,458	5,748
Investor and finance development	6,108	26,102	30,388	35,277
Management fees	18,000	18,000	36,000	36,000
Office and miscellaneous	20,405	11,949	40,607	22,655
On-Track TV development costs (Note 11)	96,994	90,576	197,433	143,871
Regulatory fees	6,463	8,482	12,813	19,019
Rent	45,964	45,268	91,928	91,549
Software development costs (Note 11)	33,657	41,012	71,051	79,866
Stock based compensation (Note 7)	-	43,516	-	43,516
Subcontractors	1,250	4,000	1,250	11,900
Telephone and internet	4,703	4,465	9,942	9,021
Travel and business development	44,037	49,318	85,916	69,640
Wages and benefits	68,781	66,139	146,570	116,079
	404,478	461,530	828,803	784,075
LOSS BEFORE OTHER ITEMS	(259,722)	(299,659)	(546,019)	(519,080)
OTHER ITEMS				
Interest income	811	125	1,501	682
NET LOSS FOR THE PERIOD	(258,911)	(299,534)	(544,518)	(518,398)
DEFICIT, BEGINNING OF PERIOD	(10,233,323)	(8,945,163)	(9,947,716)	(8,726,299)
DEFICIT, END OF PERIOD	(10,492,234)	(9,244,697)	(10,492,234)	(9,244,697)
WEIGHTED AVERAGE LOSS PER SHARE BASIC AND DILUTED	(0.008)	(0.014)	(0.017)	(0.023)
WEIGHTED AVERAGE NUMBER OF SHARES	32,854,388	22,198,892	32,854,388	22,198,892

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30

	Three Months Ending November 30, 2010 $	Three Months Ending November 30, 2009 $	Six Months Ending November 30, 2010 $	Six Months Ending November 30,, 2009 $
OPERATING ACTIVITIES				
Net loss for the quarter	(258,911)	(299,534)	(544,518)	(518,398)
Items not affecting cash:				
Amortization	3,145	3,574	6,739	7,386
Stock based compensation	-	43,516	-	43,516
Changes in non-cash working capital items:				
Decrease (Increase) in accounts receivable	(7,229)	(44,017)	(7,756)	(59,702)
Decrease (Increase) in prepaid expenses and deposits	(5,786)	1,634	(4,503)	3,905
Decrease (Increase) in goods and services tax recoverable	(697)	(1,062)	(6,706)	(1,695)
(Decrease) Increase in accounts payable and accrued liabilities	(25,180)	5,174	(46,948)	(1,825)
(Decrease) Increase in deferred revenue	-	-	(6,196)	(7,507)
CASH USED IN OPERATING ACTIVITIES	(294,658)	(290,715)	(609,888)	(534,320)
FINANCING ACTIVITIES				
Finance from (Repayments to) related parties	561,107	(56,803)	529,949	(72,944)
Issuance of share capital, net	-	454,930	644,880	770,030
Proceeds received from common shares subscribed	-	-	-	(225,500)
Deferred share issuance costs	-	-	-	2,438
CASH PROVIDED BY FINANCING ACTIVITIES	561,107	398,127	1,174,829	474,024
INVESTING ACTIVITIES				
Loans receivable	(173)	-	(346)	-
Acquisition of equipment	(1,020)	(1,716)	(6,321)	(4,321)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,193)	(1,716)	(6,667)	(4,321)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	265,256	105,696	558,274	(64,617)
CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	339,028	38,289	46,010	208,602
CASH AND CASH EQUIVALENTS – ENDING OF THE PERIOD	604,284	143,985	604,284	143,985
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Issuance of shares for finders' fees	-	29,810	31,025	52,360
SUPPLEMENTAL INFORMATION				
Interest paid	11,138	2,971	11,458	5,748
Income tax paid	-	-	-	-

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

1. NATURE AND CONTINUANCE 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiary, On-Track Computer Training Ltd. ("On-Track"). All inter-company transactions and balances have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to revenue recognition, the valuation allowance for future income tax assets and stock-based compensation.

(c) 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.

(d) 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.

(e) 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(g) Deferred 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.

(h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future 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 the tax rates expected to apply when these differences reverse. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(i) Revenue recognition

Training revenues are recorded when earned, which is the date students attend a course, and when collectibility is reasonably assured. On-Track TV revenues are recorded when access to the On-Track TV website has been granted and collection is reasonably assured.

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 by direct payment.

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 reasonably assured.

(j) Stock-based compensation

The Company follows the recommendations in CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*, which provides standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. In accordance with these recommendations, stock options granted are recorded at their fair value over the vesting period as a compensation cost with a corresponding increase in contributed surplus. Agents' warrants issued in connection with common share placements are recorded as share issuance costs with a corresponding increase in contributed surplus. When the options and warrants are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

2. 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 loss per share excludes all potential common shares if their effect is anti-dilutive, basic and diluted loss are the same.

(l) Development costs

Costs related to the enhancement of internally developed software are charged to operations as incurred until technological feasibility in the form of a working model has been established. The time period between the establishment of technological feasibility and completion of product development is expected to be short, therefore the Company has not capitalized any product development costs during the period.

(m) Financial instruments

The Company has classified its financial instruments as follows:

Cash and cash equivalents	held-for-trading
Accounts receivable	loans and receivables
Loans receivable	loans and receivables
Accounts payable	other financial liabilities
Due to related parties	other financial liabilities

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments

The Company currently does not have derivative instruments and accordingly is not affected by CICA Handbook Section 3865, *Hedges*.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements that have been announced but are not yet effective are as follows:

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the financial statements.

In January 2009, the CICA issued Section 1601, *Consolidated Financial Statements*, and 1602, *Non-controlling Interests*, which replaces existing guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

4. EQUIPMENT

	Cost $	Accumulated Amortization $	November 30 2010 Net Book Value $	May 31, 2010 Net Book Value $
Computer hardware	335,573	321,166	14,407	14,431
Furniture and fixtures	69,241	69,086	155	183
Library	3,651	2,589	1,062	1,428
	408,465	392,841	15,624	16,042

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 the current year, the Company advanced £7,600 pounds (repayable at CDN $14,573 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.

6. SHARE CAPITAL

	Number of Shares	$
Balance at May 31, 2009	18,212,461	8,220,403
For cash - Issued by private placement	5,590,913	765,000
For cash - Exercise of options	435,000	84,250
For cash - Exercise of warrants	626,955	185,814
Issued as finders' fees	378,381	52,360
Share issuance costs	–	(62,017)
Fair value of stock options exercised transferred from contributed surplus	–	35,088
Balance at May 31, 2010	25,243,710	9,280,898
For cash - Issued by private placement	7,777,777	700,000
Issued as finders' fees	344,722	31,025
Share issuance costs	–	(46,145)
Balance at November 30, 2010	33,366,209	9,965,778

For the six months ended November 30, 2010:

(a) 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.

(b) For the six months ended November 30, 2010, there were no options or warrants exercised.

For the six months ended November 30, 2009:

(a) In June, 2009, the Company completed a non-brokered private placement consisting of 1,500,000 units at $0.21 per unit for proceeds of $315,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.45 for the first six months and $0.65 for the second six-month period expiring on June 5, 2010. In connection with the private placement, the Company issued 107,381 shares as finders' fees with a fair value of $22,550 and recorded as share issuance costs.

(b) For the six months ended November 30, 2009, there were no options or warrants exercised.

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.

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

	Number of shares	Weighted Average Exercise Price $
Outstanding, May 31, 2009	757,500	0.25
Cancelled/expired	(157,500)	0.27
Exercised	(435,000)	0.18
Granted	1,797,500	0.26
Outstanding, May 31, 2010	1,962,500	0.27
Cancelled/expired	(327,500)	0.18
Outstanding, November 30, 2010	1,635,000	0.29

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, 2009	5,479,999	0.42
Issued with private placements	5,590,913	0.24
Exercised	(626,955)	0.30
Expired	(2,980,000)	0.75
Balance, May 31, 2010	7,463,957	0.50
Issued with private placements	7,777,777	0.20
Expired	(5,545,458)	0.50
Balance, November 30, 2010	9,696,276	0.26

8. SHARE PURCHASE WARRANTS (continued)

At November 30, 2010, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
1,918,499	$0.30 to Jan 25, 2010 or $0.50 to Jan 26, 2011	January 26, 2011
7,777,777	$0.20 to Dec 22, 2010 or 0.40 to Jun 23, 2011	June 23, 2011

9. CONTRIBUTED SURPLUS

The following table summarizes the continuity of the Company's contributed surplus:

	Amount $
Balance, May 31, 2009	353,153
Fair value of stock options exercised and transferred to share capital	(35,088)
Fair value of stock options granted	256,667
Balance, May 31, 2010	574,732
Fair value of stock options exercised and transferred to share capital	–
Fair value of stock options granted	–
Balance, November 30, 2010	574,732

10. SEGMENTED INFORMATION

(a) Training Services and UK On-Track TV Sales for the six months ended November 30:

	2010 $	2009 $
Revenue	282,784	264,955
Expenses	(578,492)	(493,343)
Profit (loss)	(295,708)	(228,388)

(b) Software Sales and Licensing for the six months ended November 30:

	2010 $	2009 $
Revenue	–	40
Expenses	(248,810)	(290,050)
Profit (loss)	(248,810)	(290,010)

11. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During the current period, the Company has 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 six months ended November 30, 2010 and 2009 are as follows:

	2010 $	2009 $
Salary, wages and fees (management, programming and marketing)	165,338	125,743
Materials	271	274
Marketing	4,970	8,576
Advertising and promotion	26,854	9,278
	197,433	143,871

(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 six months ended November 30, 2010 and 2009 are as follows:

	2010 $	2009 $
Salary, wages and fees (management, programming and marketing)	69,425	70,887
Materials	521	1,917
Marketing	–	1,500
Advertising and promotion	1,105	5,562
	71,051	79,866

12. RELATED PARTY TRANSACTIONS

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

The Company owes $575,551 (November 30, 2009 - $45,026) 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.

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

(a) Management, administration, accounting and software development are provided by a company owned by a significant shareholder. An amount of $328,397 (2009 - $252,952) was paid for these services during the six months ending November 30, 2010.

(b) Marketing and publicity fees totalling $2,991 (2009 - $10,952) were paid to a company owned by a relative of one of the directors.

(c) Marketing and publicity fees totalling $24,626 (2009 - $27,366) were paid to relatives of one of the directors.

(d) A significant shareholder was paid $11,458 (2009 - $5,748) 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.

13. 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.

14. LINE OF CREDIT

As at November 30, 2010, 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 no outstanding balance as of November 30, 2010.

15. COMMITMENT

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

	$
2011	49,777
2012	99,554
2013	101,788
2014	43,076

16. SUBSEQUENT EVENTS

(a) On December 1, 2010, the following options were expired unexercised.

No. of options	Exercise price $
30,000	0.30
30,000	0.50
30,000	0.65

(b) On December 2, 2010, the Company granted 365,000 options to employees and consultants which are exercisable at $0.10 per share until December 1, 2011.