

Form

Unknown document format

om:-12pt; font-family:Times New Roman">(a)

by the board of directors by a majority vote of those present at a meeting at which a quorum is present, and only those directors not parties to the proceeding shall be counted in satisfying the quorum; or

(b)

if a quorum cannot be obtained, by a majority vote of a committee of the board of directors designated by the board of directors, which committee shall consist of two or more directors not parties to the proceeding; except that directors who are parties to the proceeding may participate in the designation of directors for the committee.

Alternatively, the determination required to be made by the law may be made:

(a)

by independent legal counsel selected by a vote of the board of directors or the committee in the manner specified above or, if a quorum of the full board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board of directors; or

(b)

by the shareholders.

Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible; except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of the expenses shall be made by the body that selected such counsel.

Colorado law also provides that, unless otherwise provided in the articles of incorporation:

(a)

an officer is entitled to mandatory indemnification, and is entitled to apply for court-ordered indemnification, in each case to the same extent as a director;

(b)

a corporation may indemnify and advance expenses to an officer, employee, fiduciary or agent of the corporation to the same extent as to a director; and

(c)

a corporation may also indemnify and advance expenses to an officer, employee, fiduciary or agent who is not a director to a greater extent, if not inconsistent with public policy, and if provided for by its bylaws, general or specific action of its board of directors or shareholders or contract.

Colorado law further provides that a corporation may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary, or agent of another domestic or

foreign corporation or other person or of an employee benefit plan, against liability asserted against or incurred by the person in that capacity or arising from his or her status as a director, officer, employee, fiduciary, or agent, whether or not the corporation would have power to indemnify the person against the same liability under Colorado law.

Our articles of incorporation provide that the Board of Directors has the power to:

(a)

indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Stockgroup), by reason of the fact that he or she is or was a director, officer, employee or agent of the Stockgroup or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he reasonably believed to be in our best interests and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful;

(b)

indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Stockgroup to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of Stockgroup or is or was serving at our request as a director, officer, employee or agent of Stockgroup or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he or she reasonably believed to be in our best interests; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty to Stockgroup unless and only to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court deems proper;

(c)

indemnify a director, officer, employee or agent of Stockgroup to the extent that such person has been successful on the merits in defense of any action, suit or proceeding referred to in subparagraph (a) or (b) above or in defense of any claim, issue, or matter therein, against expenses (including attorney's fees) actually and reasonable incurred by him or her in connection therewith;

(d)

authorize indemnification under subparagraph (a) or (b) above (unless ordered by a court) in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subparagraph (a) or (b). Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or, if such a quorum is not obtainable or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the shareholders;

(e)

authorize payment of expenses (including attorney's fees) incurred in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding as authorized in subparagraph (d) above upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by Stockgroup; and

(f)

purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of Stockgroup or who is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability

asserted against him and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not we would have the power to indemnify him or her against such liability under the provision of our Articles of Incorporation.

The indemnification provided by our Articles of Incorporation is not exclusive of any other rights to which those indemnified may be entitled under our bylaws, any agreement, vote of shareholders or disinterested directors or otherwise, and any procedure provided for by any of the foregoing, both as to action in his or her official capacity and as to action in another while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of heirs, executors and administrators of such a person.

Our bylaws give effect to the foregoing provisions of our Articles of Incorporation.

We intend to enter into indemnification agreements with our directors and officers. These agreements provide, in general, that we will indemnify such directors and officers for, and hold them harmless from and against, any and all amounts paid in settlement or incurred by, or assessed against, such directors and officers arising out of or in connection with the service of such directors and officers as a director or officer of Stockgroup or its affiliates to the fullest extent permitted by Colorado law.

The Company intends to obtain liability insurance for its directors and officers covering, subject to exceptions, any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by such directors or officers, individually or collectively, in the discharge of their duties in their capacity as directors or officers of Stockgroup.

#### LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

We believe that provisions of our Articles of Incorporation and bylaws will be useful to attract and retain qualified persons as directors and officers. Our Articles of Incorporation limit the liability of directors and officers to the fullest extent permitted by Colorado law. This is intended to allow our directors and officers the benefit of Colorado's corporation law which provides that directors and officers of Colorado corporations may be relieved of monetary liabilities for breach of their fiduciary duties as directors, except under circumstances which involve acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or the payment of unlawful distributions.

We intend to enter into indemnification agreements with our directors and officers. These agreements will provide, in general, that we will indemnify and hold harmless such directors and officers to the fullest extent permitted by law against any judgments, fines, amounts paid in settlement, and expenses incurred in connection with, or in any way arising out of, any claim, action or proceeding against, or affecting, such directors and officers resulting from, relating to or in any way arising out of, the service of such persons as our directors and officers. Currently, directors and officers are entitled to the benefits of the limitation of liability provided under our charter documents and the laws of the State of Colorado.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is

against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

#### **OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

The following table sets forth an itemization of various expenses, none of which are being paid by the selling security holders, in connection with the sale and distribution of the securities being registered. All of the amounts shown are estimates, except the Securities and Exchange Commission registration fee.

Securities and Exchange Commission Registration Fee

\$

500

Accounting Fees and Expenses

5,575

Legal Fees and Expenses

33,000

Miscellaneous

5,925

-----

Total

\$

45,000

## **RECENT SALES OF UNREGISTERED SECURITIES**

Set forth in chronological order is information regarding shares of our common stock issued and options and warrants and other convertible securities granted by us during the past three years. Also included is the consideration, if any, received by us for such shares and options and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed. All securities issued were restricted.

1.

On April 3, 2000, we entered into a Convertible Note Purchase Agreement with two investors pursuant to which we issued \$3 million in convertible notes. The financing was led by Deephaven Capital Management LLC, a subsidiary of Knight/Trimark. Amro International S.A., managed by Rhino Advisors was an additional lender in the funding. The funding included \$3 million of 8% convertible notes and five-year callable warrants. The notes were convertible into common stock only after July 31, 2000. The notes may only have been converted if we did not make payment on a noteholder's prepayment request and were in receipt of a properly completed and executed conversion notice at any time thereafter, or if we would have sought to prepay the notes. Interest would have been paid in the form of cash or registered stock, at our option. The warrants permit the holders to acquire up to 181,818 shares of common stock. The placement agent in the transaction received warrants to purchase 90,909 common shares on the same terms as the warrants issued to the lenders. The issuances were made under Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act and were made without general solicitation or advertising. The purchasers were accredited investors with access to all relevant information necessary to evaluate these investments, and who represented to us that the shares were being acquired for investment. This agreement was restructured in February 2002, as described in Note 7 to the 2002 consolidated financial statements found elsewhere in this prospectus. The notes were fully repaid or converted by May 2003, and as of the date of this prospectus only the warrants remain outstanding.

2.

On August 17, 2000, Stockgroup completed a private placement with Mediastream Limited, a media company in Singapore, for the issuance of 116,935 shares at \$3.72 each for gross cash proceeds of \$435,000. The issuances were made under Regulation S of the Securities Act.

3.

On August 24, 2000, Stockgroup completed a private placement with Continental Capital & Equity Corporation, a financial relations and direct marketing advertising firm in Canada, for the issuance of 100,000 shares and 100,000 warrants in exchange for publicity services. The transaction was recorded at a fair value of \$162,500 for the shares based on the closing price of the stock on the day of the agreement and \$81,000 for the warrants based on the fair value of the warrants under the Black-Scholes option pricing formula. The issuances were made under Regulation S of the Securities Act. On June 30, 2001 the warrants under this private placement were cancelled.

Page 93 of 251

---

4.

On January 18, 2001, we issued 10,000 common shares to Value Relations IR Services GmbH in exchange for consulting services. The transaction was recorded at a fair value of \$9,690 for the common shares based on the closing stock price on the date of the agreement. The issuance was made under Regulation S of the Securities Act.

5.

On January 19, 2001, we closed a \$0.5 million financing from a group of seven unaffiliated investors pursuant to a Securities Purchase Agreement, under Section 4(2) of the Securities Act. The funding included \$0.5 million of 3% convertible debentures and four-year warrants. The warrants were issued on a pro-rata basis, with each debenture-holder receiving one Series A warrant for each dollar of debentures purchased and 3 Series B warrants for each five dollars of debentures purchased. The debentures mature on December 31, 2003 and are convertible into common shares upon the earlier to occur of March 25, 2001 or the effective date of the registration of the shares issuable upon conversion of the debentures and exercise of the warrants. All the investors in this financing were accredited investors within the meaning of Rule 501(a) of Regulation D.

We filed a registration statement on Form SB-2 for the investors' resale of the shares underlying the debentures, the shares issuable, if any, in payment of interest on the debentures, and the shares underlying the warrants, which registration statement became effective on April 4, 2001. There was no placement agent in the transaction.

On March 16, 2002, we issued 250,000 warrants to a consultant under Section 4(2) of the Securities Act, each warrant having an exercise price of \$0.30 and an expiry date of September 15, 2003. None of the warrants were exercised before the expiry date.

On March 25, 2002, we completed a \$0.4M financing with 22 unaffiliated investors pursuant to a Subscription Agreement under Section 4(2) of the Securities Act. The funding included 2,000,000 units consisting of one common share and one warrant each, at a price of \$0.20 per unit, plus 51,000 common shares at a price of \$0.20 per share. The warrants have an exercise price of \$0.30 and an expiry date of September 30, 2003. The 2,051,000 common shares were issued to the investors on April 1, 2002.

On June 28, 2002, we issued 2,080,000 common shares to Stockhouse Media Corporation in exchange for certain Web site and technology assets, valued at the market price of the shares issued of \$424,320 under Regulation 5 of the Securities Act.

On December 31, 2002, we completed a \$544,600 financing with 28 unaffiliated investors pursuant to a Subscription Agreement under Section 4(2) of the Securities Act. The funding included 3,403,750 units consisting of one common share and one warrant each, at a price of \$0.16 per unit. Each two warrants are exercisable at \$0.22 per common share and they expire on December 31, 2003. The placement agent in this transaction was Bolder Investment Partners, who received 150,000 agent's warrants, each exercisable for one common share at \$0.16 until December 31, 2003, as a placement fee.

On June 4, 2003 and July 16, 2003, we issued in two parts, 3,742,800 units at C\$0.37 (US\$0.27) per unit under a Short Form Offering in British Columbia and Alberta, Canada, under Regulation S of the Securities Act. Gross proceeds were C\$1,384,836 (US\$1,010,556) and there were 208 subscribers. Each unit consisted of one common share and one warrants, with each two warrant exercisable for one common share at C\$0.75 (US\$0.55) for 12 months from date of issue. In addition, we issued 374,280 agent options as a placement fee to a group of 7 agents led by First Associates Investments Inc., each agent's option entitling the holder to purchase one unit as described above for C\$0.37 (US\$0.27) for 24 months from date of issue.

## UNDERTAKINGS

(a)

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 14 above, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

(b)

The undersigned registrant hereby undertakes:



(i)

to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(A)

to include any prospectus required by section 10(a)(3) of the Securities Act;

(B)

to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually, or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(C)

to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(ii)

that, for the purpose of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(iii)

to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Edgar Filing: - Form

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, Province of British Columbia, on September 29, 2003.

STOCKGROUP INFORMATION SYSTEMS INC.

By:

/s/ Marcus A. New

-----

Marcus A. New, Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

/s/ Marcus New

Dated: September 29, 2003

-----

Marcus A. New, Chief Executive Officer, Chairman of the Board

/s/ David Gillard

Dated: September 29, 2003

-----

David E. Gillard, Chief Financial Officer, Treasurer, Secretary

/s/ Leslie Landes

Dated: September 29, 2003

-----  
Leslie A. Landes, President, Director

/s/ Craig Faulkner

Dated: September 29, 2003

-----  
Craig D. Faulkner, Director

/s/ David Caddey

Dated: September 29, 2003

-----  
David N. Caddey, Director

/s/ Lee deBoer

Dated: September 29, 2003

-----  
Louis deBoer II, Director

/s/ Jeff Berwick

Dated: September 29, 2003

-----  
Jeffrey D. Berwick, Director

A. EXHIBIT INDEX

The following Exhibits are either attached hereto incorporated herein by reference or will be filed by amendment to this registration statement:

EXHIBIT NUMBER AND DESCRIPTION OF EXHIBIT AND FILING REFERENCE

2.1

Share Exchange and Share Purchase Agreement dated March 11, 1999, among I-Tech Holdings Group, Inc. (the "Registrant"), 579818 B.C. Ltd., Stock Research Group, Inc. ("SRG"), and the former shareholders of SRG effecting a change in control of Registrant. (incorporated by reference to the Exhibits filed with Form 8K filed March 19, 1999, Form 8K/A filed March 24, 1999 and Form 8K/A filed May 10, 1999)

3.1

Articles of Incorporation (incorporated by reference to the Exhibits filed with Form 10SB12G filed January 29, 1998, and Amendments to Articles of Incorporation filed herewith)

3.2

Amended and Restated Bylaws (incorporated by reference to the Exhibits filed with Form 10SB12G filed January 29, 1998)

4.1

Management Agreement between Stock Research Group Inc. and Landes Enterprises and Leslie Landes dated August 1, 1998 \*\*

4.2

1999 Incentive Stock Option Plan (incorporated by reference to the Exhibits filed with Form S-8 filed November 16, 1999)

4.3

2000 Incentive Stock Option Plan (incorporated by reference to the Exhibits filed with Form S-8 filed May 15, 2001)

4.4

2001 Incentive Stock Option Plan (incorporated by reference to the Exhibits filed with Form S-8 filed May 13, 2002)

4.5

Edgar Filing: - Form

2002 Incentive Stock Option Plan (incorporated by reference to the Exhibits filed with Form S-8 filed May 13, 2002)

4.6

2003 Incentive Stock Option Plan (incorporated by reference to the Exhibits filed with Form DEF14A filed August 20, 2003)

4.7

Convertible Note Purchase Agreement, dated March 21, 2000, among the Registrant, Deephaven Private Placement Trading Ltd. and Amro International, S.A. (incorporated by reference to Form SB-2 and Form SB-2/A filed May 26, 2000 and August 1, 2000 respectively)

4.8

Form of 8% Convertible Note issued to each of Deephaven and Amro pursuant to the Note Purchase Agreement (incorporated by reference to Form SB-2 and Form SB-2/A filed May 26, 2000 and August 1, 2000 respectively)

4.9

Form of Callable Warrant issued to Deephaven, Amro, and Jesup and Lamont Securities Corporation pursuant to the Note Purchase Agreement (incorporated by reference to Form SB-2 and Form SB-2/A filed May 26, 2000 and August 1, 2000 respectively)

4.10

Registration Rights Agreement, dated March 31, 2000, among the Registrant, Deephaven and Amro (incorporated by reference to Form SB-2 and Form SB-2/A filed May 26, 2000 and August 1, 2000 respectively)

4.11

Securities Purchase Agreement, dated January 19, 2001, among the Registrant and a group of unaffiliated investors (incorporated by reference to Form SB-2 and Form SB-2/A filed March 20, 2001 and April 3, 2001 respectively)

4.12

Form of 3% Convertible Debenture, dated January 19, 2001, among the Registrant and a group of unaffiliated investors (incorporated by reference to Form SB-2 and Form SB-2/A filed March 20, 2001 and April 3, 2001 respectively)

4.13

Form of Warrant, dated January 19, 2001, among the Registrant and a group of unaffiliated investors (incorporated by reference to Form SB-2 and Form SB-2/A filed March 20, 2001 and April 3, 2001 respectively)

4.14

Joint Venture Development and Operating Agreement, dated June 19, 2002 between Stockgroup Media Inc. and Stockhouse Media Corporation \*\*

4.15

Registration Rights Agreement, dated January 19, 2001, among the Registrant and a group of unaffiliated investors (incorporated by reference to Form SB-2 and Form SB-2/A filed March 20, 2001 and April 3, 2001 respectively)

4.16

Form of Subscription Agreement for December 31, 2002 private placement among the Registrant and a group of unaffiliated investors \*\*

4.17

Form of Warrant, dated December 31, 2002, among the Registrant and a group of unaffiliated investors \*\*

4.18

TSX Venture Exchange Form 4H Short Form Offering document dated April 30, 2003 for the equity placement which closed June 4, and July 16, 2003, among the Registrant and a group of unaffiliated investors \*\*

4.19

Form of Warrant for Short Form Offering dated April 30, 2003 \*\*

4.20

Agency Agreement between the Registrant and First Associates Investments Inc. for the Short Form Offering dated April 30, 2003 \*\*

5.1

Opinion of Faegre & Benson LLP, regarding the legality of the securities being registered \*\*

23.1

Consent of Faegre & Benson LLP (included in Exhibit 5.1) \*\*

23.5

Consent of Ernst & Young LLP \*\*

---

\*

Previously filed.

\*\*

Filed herewith.

B. FINANCIAL STATEMENT SCHEDULES

Financial Statement Schedules omitted because the information is included in the Financial Statements or the notes thereto.

Page 98 of 251

---

EXHIBIT 4.1 MANAGEMENT AGREEMENT

**MANAGEMENT AGREEMENT**

**THIS AGREEMENT** is made and dated for reference effective as of the 1st day of August, 1998

**BETWEEN:**

STOCK RESEARCH GROUP INC., a company duly incorporated under the laws of British Columbia, and having an executive office and an address for notice and delivery located at Suite 1010, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2

(the "*Company*");

OF THE FIRST PART

**AND:**

**LANDES ENTERPRISE LIMITED**, a duly incorporated company , having an address for notice and delivery located at 3928 Westridge Avenue, West Vancouver, BC V7V 3H7

("Consultant");

OF THE SECOND PART

**AND:**

**LESLIE LANDES**, having an address for delivery located at 3928 Westridge Avenue, West Vancouver, BC V7V 3H7

("Landes");

OF THE THIRD PART

(the Company, the Consultant, and Landes being hereafter singularly also referred to as a "*Party*" and collectively referred to as the "*Parties*" as the context so requires).

**WHEREAS:**



A.

The Company is a non-reporting company duly incorporated in British Columbia and is involved in the principal business of Internet service providing;

B.

The Consultant is a non-reporting company duly incorporated in British Columbia and is wholly owned and controlled by Mr. Leslie Landes ("*Landes*") and his wife, Diane Landes;

Page 99 of 251

---

C.

The Company wishes to employ the Consultant to provide management services on the terms and conditions set forth herein;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants and provisos herein contained, **THE PARTIES HERETO AGREE AS FOLLOWS:**

**Article I**

**INTERPRETATION**

1.1

**Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following words and phrases shall have the following meanings:

Edgar Filing: - Form

(a)

"*Agreement*" means this Agreement as from time to time supplemented or amended;

(b)

"*Board of Directors*" or "*Board*" means the Board of Directors of the Company as duly constituted from time to time;

(c)

"*Effective Date*" has the meaning ascribed to it in section "3.1" hereinbelow;

(d)

"*Non-Renewal Notice*" has the meaning ascribed to it in section "3.2" hereinbelow;

(e)

"*Term*" has the meaning ascribed to it in section "3.1" hereinbelow.

1.2

**Interpretation.** For the purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires.:

(a)

the words "*herein*", "*hereof*", and "*hereunder*" and other words of similar import refer to this Agreement as a whole and not to any particular Article, section or other subdivision of this Agreement;

(b)

the headings are for convenience only and do not form a part of this Agreement nor are they intended to interpret, define or limit the scope or extent of this or any provision of this Agreement;

(c)

any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity; and

(d)

words in the singular include the plural and words in the masculine gender include the feminine and neuter genders, and vice versa.

**Article II**

**SERVICES AND DUTIES OF THE CONSULTANT**

2.1

**General Services.** During the Term (as hereinafter defined) of this Agreement the Consultant will provide the Company with the services of Landes, who shall provide such general corporate, administrative, technical and management services as is considered necessary or advisable by Landes for the due and proper management of the Company to achieve the goals and needs of the Company as determined by the policies and proceedings of the Board of Directors (collectively, the "*General Services*"). Landes shall reasonably devote such time as is normally required of such senior officer of a company such as the Company.

2.2

**Specific Services.** Without limiting the generality of the General Services to be provided as set forth in section "2.1" above, it is hereby acknowledged and agreed that Landes will provide the following specific services (collectively, the "*Specific Services*");

(a)

supervision of the hiring of competent personnel as are required for the efficient operation of the Company's business;

(b)

the management and supervision of the performance of personnel and of the operation of various business enterprises of the Company as approved by the Board;

(c)

the identification of business opportunities for the Company, the conduct of due diligence, and assistance in the negotiation and conclusion of contracts for such opportunities;

(d)

assistance in the coordination and administration of all development programs of the Company together with all capital funding projects and resources which are necessarily incidental thereto;

(e)

assistance in the coordination and the preparation and dissemination of business plans and technical reports for the Company;

(f)

assistance in the liaison with and the setting up of corporate alliances for the Company with major companies and customers, the Company's auditors, the Company's solicitors and the Company's affiliated companies and business partners; and

(g)

such other activities as are necessary or incidental to the officer's position occupied by Landes.;

Page 101 of 251

---

### Article III

#### TERM, RENEWAL AND TERMINATION

3.1

**Term.** The term of this Agreement (the "*Term*") is for a period of five (5) years commencing on August 1, 1998 (the "*Effective Date*") and terminating August 1, 2003, subject to the terms hereafter set forth.

3.2

**Renewal.** This Agreement shall renew automatically for two subsequent two year periods if not specifically terminated in accordance with the following provisions. Either Party agrees to notify the other Party in writing at least 90 calendar days prior to the end of the Term of its intent not to renew this Agreement (the "*Non-Renewal Notice*"). Should both Parties fail to provide a Non-Renewal Notice this Agreement shall automatically renew. Such renewal or month-to-month arrangement shall be on the same terms and conditions contained herein unless modified and agreed to in writing by the Parties.

3.3

**Termination.** Notwithstanding any other provision of this Agreement, this Agreement may be terminated by either Party upon written notice to the other Party if:

(a)

the other Party fails to cure a material breach of any provision of this Agreement within 30 calendar days from its receipt of written notice from said Party (unless such breach cannot be reasonably cured within the 30 calendar days and the other Party is actively pursuing curing of the breach); or

(b)

the other Party commits fraud or serious neglect or misconduct in the discharge of its respective duties hereunder or under the law; or

(c)

the other Party becomes bankrupt; or

(d)

a receiver is appointed for all, or substantially all, of the other Party's assets or business; or

(e)

a trustee is appointed for the other Party after a petition has been filed for the Company's reorganization under applicable statutes.

3.4

**Termination by Company.** Notwithstanding any other provision of this Agreement, this Agreement may be terminated by the Company upon 30 calendar days written notice to the Consultant and Landes. In the event that this Agreement is terminated without cause then the Company shall pay the Consultant a termination fee of one year of the Base Fee, as hereafter defined and there shall be no other cost, severance, or other financial claim or damages exigible.

3.5

**Disability or Death.** In the event that the Consultant is unable to provide the General Services and the Specific Services (collectively, the "*Services*") due to protracted disability or sickness or the death of Landes, it may, at any time, declare such to the Company and may terminate this Agreement as a without fault termination. The Company may elect to effect such termination in the case of the death of Landes or in the event that sickness or disability has continued for a period in excess of 120 days.

**Article IV**

**COMPENSATION OF THE CONSULTANT**

Page 102 of 251

---

4.1

**Base Fee.** The Consultant shall be compensated on a monthly basis from the execution date of the Agreement by a basic monthly fee of:

(a)

\$ 6,250 during the first and second month;

Page 103 of 251

---

(b)

\$ 13,750 during the third to twelfth month; and

(c)

no less than \$ 12,500 (the "*Base Fee*") per month for the remainder of this Agreement,

which shall compensate the Consultant for the provision of the Services as required.

4.2

**Reimbursement of Expenses.** The Consultant/ Landes shall be funded for and reimbursed for all reasonable expenses that have been approved by the Company and incurred, or to be incurred, by the Consultant/ Landes for the benefit of the Company.

4.3

**Membership.**

The Consultant or Landes, at their choosing, shall be funded for or reimbursed for a membership fee for the World Presidents Organization.

4.4

**Parking.** Landes shall be provided with paid parking for one automobile.

4.5

**Vacation.** Landes shall be entitled to six weeks vacation per year and such shall not interrupt the Base Fee.

**Article V**

**ADDITIONAL OBLIGATIONS OF THE CONSULTANT**



5.1

**No Conflict.** During this Agreement the Consultant and Landes will not engage in any business which reasonably may detract from, compete with or conflict with the Consultant's or Landes' duties and obligations to the Company as set forth in this Agreement without disclosure to the Board of Directors of the Company and will not do so if the Board of Directors objects.

5.2

**Confidentiality and Non-Competition.** The Consultant and Landes will not, except as authorized or required by the Consultant's or Landes' duties hereunder, reveal or divulge to any person or companies any information concerning the organization, business, finances, transactions or other affairs of the Company, or of any of its subsidiaries, which may come to the Consultant's or Landes' knowledge during the continuance of this Agreement, and the Consultant and Landes will keep in complete secrecy all confidential information entrusted to the Consultant or Landes and will not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company's business. This restriction will continue to apply after the termination of this Agreement without limit in point of time but will cease to apply to information or knowledge which may come into the public domain. Neither the Consultant nor Landes shall, whether employing the Company's information or not, directly or through employment with another organization compete with the business of the Company for a period of one year after termination or expiry of this Agreement.

5.3

**Compliance with Applicable Laws.**

The Consultant and Landes will comply with all Canadian, U.S. and foreign laws, whether federal, provincial or state, applicable to the Consultant's or Landes' duties hereunder and, in addition, hereby represents and warrants that any information which the Consultant or Landes may provide to any person or company hereunder will be accurate and complete in all

material respects and not misleading, and will not omit to state any fact or information which would be material to such person or company.

**Article VI**

**REPORTING BY THE CONSULTANT**

6.1

**Reporting.** So often as may be reasonably required by the Board of Directors, the Consultant will provide to the Board of Directors of the Company such information concerning the results of the Consultant's Services and activities hereunder as the Board of Directors of the Company may reasonably require.

**Article VII**

**FORCE MAJEURE**

7.1

**Events.** If either Party hereto is at any time during this Agreement or thereafter prevented or delayed in complying with any provisions of this Agreement by reason of strikes, walk-outs, labour shortages, power shortages, fires, wars, acts of God, earthquakes, storms, floods, explosions, accidents, protests or demonstrations by environmental lobbyists or native rights groups, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market, unavailability of equipment, governmental regulations restricting normal operations, shipping delays or any other reason or reasons beyond the control of that Party, then the time limited for the performance by that Party of its respective obligations hereunder shall be extended by a period of time equal in length to the period of each such prevention or delay.

7.2

**Notice.**

A Party shall within seven calendar days give notice to the other Party of each event of *force majeure* under section "7.1" hereinabove, and upon cessation of such event shall furnish the other Party with notice of that event together with particulars of the number of days by which the obligations of that Party hereunder have been extended by virtue of such event of *force majeure* and all preceding events of *force majeure*.

**Article VIII**

**NOTICE**

8.1

**Notice.**

Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by prepaid registered mail deposited in a recognized post office and addressed to the Party entitled to receive same, or delivered to such Party, at the address for such Party specified on the front page of this Agreement. The date of receipt of such notice, demand or other communication shall be the date of delivery thereof if delivered, or, if given by registered mail as aforesaid, shall be deemed conclusively to be the third day after the same shall have been so mailed, except in the case of interruption of postal services for any reason whatsoever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee.

8.2

**Change of Address.** Either Party may at any time and from time to time notify the other Party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

Page 105 of 251

---

**Article IX**

**GENERAL PROVISIONS**

9.1

**Entire Agreement.** This Agreement constitutes the entire agreement to date between the Parties thereto and supersedes every previous agreement, expectation, negotiation, representation or understanding, whether oral or written, express or implied, statutory or otherwise, between the Parties with respect to the subject matter of this

Agreement.

9.2

**No relationship of Employer-Employee.** Nothing contained in this Agreement shall be construed as creating the relationship of employer and employee as between the Company and the Consultant of the Company and Landes.

9.3

**No Assignment.** This Agreement may not be assigned by either Party except with the prior written consent of the other Party.

9.4

**Warranty of Good Faith.** The Parties hereto warrant each to the other to conduct their duties and obligations hereof in good faith and with due diligence and to employ all reasonable endeavours to fully comply with and conduct the terms and conditions of this Agreement.

9.5

**Regulatory Authorities.** This Agreement is subject to prior Regulatory Approval, if required, of each of the Regulatory Authorities.

9.6

**Further Assurances.** The Parties will from time to time after the execution of this Agreement make, do, execute, or cause or permit to be made, done or executed, all such further and other acts, deeds, things, devices, and assurances in law whatsoever as may be required to carry out the true intention and to give full force and effect to this Agreement.

9.7

**Representation and Costs.** It is hereby acknowledged by each of the Parties hereto that, as between the Company and the Consultant and Landes herein, Devlin Jensen, Barristers and Solicitors, acts solely for the Company, and that the Consultant and Landes have been advised by Devlin Jensen to obtain independent legal advice with respect to their review and execution of this Agreement.

9.8

**Applicable Law.** The situs of this Agreement is Vancouver, British Columbia, and for all purposes this Agreement will be governed exclusively by and construed and enforced in accordance with the laws prevailing in the province of British Columbia.

9.9

**Severability and Construction.** Each Article, section, paragraph, term and provision of this Agreement and any portion thereof, shall be considered severable, and if, for any reason, any portion of this Agreement is determined to be invalid, contrary to or in conflict with any applicable present or future law, rule or regulation in a final unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which any Party hereto is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible (all of which shall remain binding on the Parties and continue to be given full force and effects as of the date upon which the ruling becomes final).

9.10

**Captions.** The captions, section numbers and Article numbers appearing in this Agreement and the index hereto are inserted for convenience of reference only and shall in no way define, limit, construe or describe the scope or intent of this Agreement nor in any way affect this Agreement.

9.11

**No Partnership or Agency.** The Parties have not created a partnership or agency and nothing contained in this Agreement shall in any manner whatsoever constitute any Party the partner, agent or legal representative of the other Party, except as specifically herein provided.

9.12

**Consents and Waivers.** No consent or waiver expressed or implied by either Party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall:

(a)

be valid unless it is in writing and stated to be a consent or waiver pursuant to this section;

(b)

be relied upon as a consent to or waiver of any other breach or default of the same or any other obligation;

(c)

constitute a general waiver under this Agreement; or

(d)

eliminate or modify the need for a specific consent or waiver pursuant to this section in any other or subsequent instance.

**IN WITNESS WHEREOF** the Parties hereto have hereunto set their respective hands and seals in the presence of their duly authorized signatories effective as at the date first above written.

The CORPORATE SEAL of

)

**STOCK RESEARCH GROUP INC.**

)

was hereunto affixed in the presence of:

)

)

)

\_\_\_\_\_)

(C/S)

Authorized Signatory

)

The CORPORATE SEAL of

)

**LANDES ENTERPRISES LIMITED**

)

was hereunto affixed in the presence of:

)

)

)

\_\_\_\_\_)

(C/S)

Authorized Signatory

)

SIGNED, SEALED, and DELIVERED by

)

**LESLIE LANDES**

)

in the presence of:

)

)

)

\_\_\_\_\_)

Witness Signature

)

)

\_\_\_\_\_

)

**LESLIE LANDES**

\_\_\_\_\_)

Witness Address

)

)

)

\_\_\_\_\_)

Witness Name and Occupation

)

\_\_\_\_\_



EXHIBIT 4.14 JOINT VENTURE DEVELOPMENT AND OPERATING AGREEMENT

JOINT VENTURE DEVELOPMENT AND OPERATING AGREEMENT

**THIS JOINT VENTURE DEVELOPMENT AND OPERATING AGREEMENT** is made and dated effective (the "*Effective Date*") as of the 19<sup>th</sup> day of June, 2002.

BETWEEN:

**STOCKGROUP MEDIA INC.**, of 500 - 750 West Pender Street, Vancouver, BC

(hereinafter referred to as "*Stockgroup*")

OF THE FIRST PART

**AND:**

**STOCKHOUSE MEDIA CORPORATION.**, of 2625 - 555 West Hastings Street, Vancouver, BC V6B 4N5

(hereinafter referred to as "*SMC*")

OF THE SECOND PART

(collectively or individually also referred to as a "*Party*" or the "*Parties*")

**WHEREAS:**

Stockgroup and SMC are each in the business of, inter alia, web design services, on-line informational internet services to consumers and companies and internet advertising and which Parties have determined to form a joint venture to conduct such business and any future businesses which derive therefrom or may be developed in such joint venture as hereafter defined (such present and future business referred to hereafter as the "*Business*");

B.

SMC has developed attractive and successful web services which have not yet generated a transition to profitability but SMC has determined that merging operations of this aspect of its business with Stockgroup has a substantial ability to drastically reduce costs and therefor create an opportunity for profit;

C.

Stockgroup perceives that a venture with SMC will accelerate its growth, expand its customer base potential, and by a merging of the Business by purchase of a portion of the SMC assets into a joint venture with SMC will permit costs to be reduced and revenues enhanced and Stockgroup believes that SMC's anticipated investment and business relationship with ONNI Group of Companies ("ONNI") will add appreciable strength to the relationship;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements herein contained and the sum of \$10.00 now paid by the parties, each to the other (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

1.

**DEFINITIONS**

1.01

In this Agreement, including the recitals and schedules hereto, unless there is something in the subject matter or context inconsistent therewith, the following words and expressions shall have the following meanings:

(a)

"Affiliate" means any corporation of which a party hereto owns directly or indirectly not less than 50.1% of the outstanding capital stock;

(b)

"Agreement" means this joint venture agreement, as amended from time to time;

(c)

"*Confidential Information*" shall mean all information contributed by the Parties or acquired or developed by the Joint Venture which the Management Committee considers confidential, proprietary, or useful in the Business and not generally known in the public and includes all technical information such as data, know-how, research, designs, drawings, plans, specifications, models, quality controls, trade secrets, software, processes, equipment, controllers, patents, and Business information such as equipment, devices, methods relevant to the Joint Venture's Business, organizational charts, business plans, policies, corporate structure, financial information and resources, transactions, contracts and Joint Venture customers such as their names, requirements and necessities, and any collateral information which may be in the nature of a latent interest or expectation or corporate opportunity such as inventions, discoveries or improvements conceived, developed or made by employees, in whole or in part, or other persons associated with the Joint Venture and all and every other information which would reasonably be considered confidential in the industry or by employment of reasonable judgement and the burden shall be on a Party to show that information alleged by the Management Committee or a Party to be confidential is not;

(d)

"Costs" mean all costs, expenses, obligations, liabilities and charges of whatsoever kind or nature incurred or chargeable, directly or indirectly, in connection with the Project and the Joint Venture, which costs, expenses, obligations, liabilities and charges include, without limiting the generality of the foregoing, the following:

(i)

all monies, of whatsoever nature, expended directly or indirectly in maintaining and operating the JV Assets and the Project;

(ii)

professional costs associated with the JV Assets, the Project or the financing thereof;

(iii)

development plans, marketing plans, and all other studies or reports;

(iv)

filing costs whether for securities regulations or other matters;

(v)

suppliers, contractors, trades, services, and all other inputs of goods, services, or labour for the Project and JV Assets thereof;

employees, contract labour, management, and all other personnel costs;

services of third parties or provided by the Parties at fair market value;

(viii)

administration, travel, office supplies, and all other costs reasonably incurred by or chargeable to the Project and its administration;

(ix)

marketing, advertising, promotion, and such related expenses,

(x)

costs of sales including commissions, transaction fees, and other such charges;

(xi)

the costs of raising equity or debt financing to capitalize the Project and the JV Assets;

(xii)

interest costs and payment, amortization or otherwise, of debt in accordance with policies of the Management Committee; and

(xiii)

all other costs as may be determined by the Operator, as approved by the Management Committee, from time to time, and normally charged to a project such as the Project in accordance with industry standards and generally accepted accounting principals consistently applied;

(e)

"Joint Venture" means the relationship of co-venture between Stockgroup and SMC for the development and operations of the Project, the joint ownership and management of the JV Assets and as

may be determined, expanded, or diminished in accordance with the policies, procedures, and resolutions of the Management Committee;

(f)

"JV Assets" means the Stockgroup Assets and SMC Assets contributed to the Joint Venture by this Agreement and owned and operated jointly in accordance with the terms of this Agreement and all assets which may be contributed hereafter by the Parties or developed by the Joint Venture;

(g)

"Management Committee" means that committee established pursuant to this Agreement and composed of representatives of the Parties hereto;

(h)

"Operator" means that party or those parties appointed by the Management Committee as operator and/or manager of the JV Assets, the Project and the business of the Joint Venture and the first and continuing Operator shall be Stockgroup subject to review at the request of a Party on each anniversary of this Agreement;

(i)

"Parties", "Party", "Participant" or "Participants" means the parties, singly or collectively as appropriate, to this Agreement or their proper successors, assigns, or other recipients of a party's rights, in whole or in part, in or to this Agreement;

(j)

"Project" means the plan of development of the JV Assets for the purpose of establishing commercial objectives and Revenues employing the JV Assets, and the additional contributions or services of the Parties, in accordance with the development plans established by this Agreement and the Management Committee and conducted by the Operator appointed by this Agreement and the Management Committee.

(k)

"Revenues" or "Revenue" means gross sales proceeds and income of whatsoever nature realized by the conduct of the JV Assets and the business thereof and the realization of the Project conducted pursuant to this Agreement, less Costs, and available for distribution to the Parties hereof; and

(l)

"SMC Assets" means the Business Assets and services contributed by SMC to the Joint Venture and Project as set forth in Schedule "B" hereto;

(m)

"Stockgroup Assets" means the Business Assets and services contributed by Stockgroup to the Joint Venture and Project as set forth in Schedule "A" hereto, which includes the Acquired Interest (as defined in section 5.1) purchased by Stockgroup from SMC;

2.

**REPRESENTATIONS, WARRANTIES AND COVENANTS**

2.01

Each Party represents and warrants to the other Party hereto that, to the best of its knowledge:

(a)

it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement, except where regulatory or shareholder approval may be required;

neither the execution and delivery of this Agreement nor any of the Agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party excepting only variances required under finance documents;

the Stockgroup Assets and the SMC Assets purchased hereby and hereby contributed to the Joint Venture shall be sold and contributed free and clear of encumbrances of any nature and the same are sold and

Edgar Filing: - Form

contributed with full right, title, and interest to the Joint Venture and free of claims by any party whatsoever;

in particular, but not to limit the generality, Stockhouse warrants that it has effected accommodation with Hewlett Packard ("*HP*") in respect to its GSA ("*HP GSA*") and that HP has released the assets purchased by Stockgroup and contributed by SMC from all claims; and

(e)

the execution and delivery of this Agreement and the Agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents.

2.02

Each Party covenants, warrants and agrees with the other:

(a)

to perform or cause to be performed its obligations and commitments under this Agreement;

(b)

not to engage either alone or in association with others in any activity in respect of the JV Assets or the Project except as provided or authorized by this Agreement;

to be just and faithful in all its activities and dealings with the other Party; and

(d)

any information which the Parties may provide to each other or the Joint Venture or any permissible person or company will be accurate and complete in all material respects and not misleading, and will not omit to state any fact or information which would be material to the Parties or the Joint Venture or such permissible person or company.

2.03

The representations, warranties and covenants hereinbefore set out are conditions on which the Parties have relied in entering into this Agreement and each Party shall indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

3.

**PURPOSE AND CREATION OF THE JOINT VENTURE AND PROJECT**

3.01

Effective the Effective Date of this Agreement the parties hereby agree to form, and on such date have formed, a joint venture called the Stockgroup/Stockhouse Venture and agree to contribute in accordance with this Agreement the Stockgroup Assets and the SMC Assets to the Joint Venture to be owned and operated jointly as assets of the Joint Venture, develop the Project as co-venturers, divide the funding requirements of the Project as provided by this Agreement, conduct the Project in accordance with this Agreement, and share in the Revenues of the Project in accordance with the terms of this Agreement.

3.02

The business and affairs of the Joint Venture shall be limited strictly to the Project and shall not be extended by implication, or otherwise, unless specifically authorized by the Management Committee. So long as the same does not derogate from the performance of the obligations and responsibilities of the Parties hereto, none of the Parties to this Agreement shall be prevented or restricted from carrying on business or any activities of whatsoever nature but that SMC shall not conduct business outside of the Joint Venture business or activities which may or are competitive with the Project. The Joint Venture Business shall not be altered or changed to unrelated endeavors from that of the present Project without unanimous consent of the Management Committee, with such consent to not be unreasonably withheld.

The Project shall initially be that set forth in Schedule "C" hereto and thereafter shall be that business endeavor employing the JV Assets as shall be determined by the Management Committee. The Joint Venture may not be terminated except by consent in writing of all Parties to this Agreement.

3.04



The Parties have not created a partnership hereby and nothing contained in this Agreement shall in any manner whatsoever constitute a Party the partner, agent or legal representative of any other Party or create any fiduciary relationship between them for any purpose whatsoever. No Party shall have any authority to act for or to assume any obligations or responsibilities on behalf of any other Party except as may be from time to time agreed upon in writing between the Parties or as otherwise expressly provided herein.

3.05

The rights and obligations of each Party shall be in every case several and not joint or joint and several.

4.

#### **INTEREST OF THE PARTIES IN AND TO THE JOINT VENTURE**

The relevant ownership and voting interests of the Parties under this Joint Venture shall be a 65% interest to Stockgroup ("Stockgroup Interest") and a 35% interest to SMC ("SMC Interest") (such interests are collectively called the "Interests" or singularly the "Interest").

4.02

The Interests of the Parties hereto shall not be effected, altered, or amended except pursuant to the provisions of this Agreement or as subsequently agreed by the Parties hereto in writing.

5.

#### **INITIATION PROVISIONS AND EARLY TERMINATION**

As consideration for Stockgroup acquiring a majority position in the Joint Venture and acting as Operator, the Parties agree, effective the Effective Date, as follows:

subject to SMC discharging or amending the HP GSA, and any other debts, liens, charges, or other encumbrances, ("Encumbrances") to the satisfaction of Stockgroup, Stockgroup shall purchase a 65% interest (the "Acquired Interest" and said Acquired Interest is deemed included in the definition of Stockgroup Assets) in the SMC Assets of Schedule "B". The Acquired Interest is hereby purchased in consideration of the payment of 2,080,000 common shares (the "Purchase Shares") of Stockgroup Information Systems Inc to SMC and which Purchase Shares shall be issued within

10 days of execution hereof and above encumbrance removal and shall be deposited in trust to be held in accordance with the terms of this Agreement. Stockgroup shall contribute the Acquired Interest to the JV Assets together with the other Stockgroup Assets of Schedule "A";

SMC shall pay for all the costs of employees, use of the HP equipment, the Telus facilities, computer equipment for employees and any other equipment being used of the SMC Assets and the Acquired Interest needed to operate the Joint Venture for the initial two months of the Joint Venture initiation but thereafter for the subsequent twenty-two (22) months (the "Carry Period"), Stockgroup shall, at SMC's election as to whether to contribute, fund SMC's contribution requirement and thereby dilute SMC's Interest in accordance with this part. In the event that SMC shall elect not to contribute to a Joint Venture deficit or cash call at any time then Stockgroup shall pay such SMC deficit or cash call and shall convert any such Joint Venture deficit of SMC, within no less than 10 business days of SMC electing (or deemed to elect in accordance with Management Committee policies) not to contribute, by applying a dilution factor of one (1%) percent for each \$15,000 of deficiency (such aggregate diluted interest called the "Dilution Interest"); and

Upon the expiration of the Carry Period and for a term of 60 days thereafter, SMC may elect to re-purchase all or any of the Dilution Interest at \$15,000 per one (1%) percent (with no attribution of interest).

## 5.02

As consideration for the Interests the Parties shall pay and shall contribute to the Joint Venture as follows:

Page 113 of 251

---

Stockgroup shall:

(i)

deliver to the Joint Venture the Stockgroup Assets and the Acquired Interest free and clear of all liens, encumbrances and charges; and

(ii)

if applicable, carry the deficits of SMC in the Joint Venture for 22 months and accept the Dilution Interest in consideration therefor in accordance with the provisions of section 5.01 above.

SMC shall:

pay the initial cost of the Joint Venture for the first two months as set forth in section 5.01; and

(ii)

deliver to the Joint Venture the SMC Assets free and clear of all liens, encumbrances and charges (such SMC Assets shall be delivered on or before the acquisition by Stockgroup of the Acquired Assets, as determined by the Management Committee, and upon closing of the acquisition by Stockgroup of the Acquired Assets, the same shall be recorded upon the books of the Joint Venture as acquired and contributed by Stockgroup).

5.03

The Purchase Shares shall be delivered into trust with counsel for Stockgroup for delivery to SMC or returned to Stockgroup and the Joint Venture may be terminated or continue in accordance with the following circumstances and elections:

(a)

in the event that ONNI shall determine to participate in investment and business of SMC, which shall occur on or before July 31, 2002 failing which Stockgroup may grant extensions and invest not less than \$1,000,000 and the Encumbrances removed (or otherwise dealt with in a manner acceptable to Stockgroup) then the Joint Venture shall continue for its term and the Purchase Shares shall be delivered to SMC;

in the event that ONNI does not invest in SMC but the Encumbrances are removed (or otherwise dealt with in a manner acceptable to Stockgroup) then the Joint Venture shall terminate and Stockgroup shall acquire all of the SMC Assets (including the Acquired Interest) for a price equal to the Purchase shares plus an additional 1,120,000 common shares of Stockgroup;

(c)

in the event that ONNI does not invest in SMC and the Encumbrances are not removed or dealt with in a manner acceptable to Stockgroup then, at Stockgroup's election, this Agreement shall terminate, the Purchase Shares shall be returned to Stockgroup for return to treasury, and the SMC Assets (including the Acquired Assets) shall be returned to SMC and the Stockgroup Assets shall be returned to Stockgroup.

5.04

Following the initiation of the Joint Venture and subject to the terms of section 5.01 above, the Parties shall contribute to Costs in proportion to their Interests and in accordance with cash calls by the Management Committee or the Operator. Costs contributed by Stockgroup may be assumed by incurring of unpaid operating charges, services, and other Costs borne by Stockgroup as Operator and may be debited against cash calls.

6.

**CALCULATION OF REVENUE**

6.01

Stockgroup shall receive 65% of the Revenues and SMC shall receive 35% of the Revenues of the Joint Venture. The Revenue of the Joint Venture distributable to the Participants shall be calculated from gross revenue of the Joint Venture from all sources less Costs. Such Revenue shall be calculated before income tax and other such costs which are attributable only to the Participants. Revenues shall be distributed at such time and in such manner as may be determined in accordance with the policies of the Management Committee but, absent agreement to the same, shall be payable no less than quarterly. The Management Committee shall retain such reserves for approved budgets and working capital as the Management Committee shall consider prudent. In the event of error of Revenue calculation, or if, for any

---

Page 114 of 251

other reason, a Party has received an attribution or payment greater than its entitlement then the Management Committee may balance the Revenue accounts, by debits and credits to the Participant upon the next Revenue allocation or may demand repayment of excess distributions and the relevant Participant shall refund such excess within thirty (30) days of demand.

---

Page 115 of 251

7.

**OPERATOR**

7.01

The Parties hereto agree that Stockgroup, or an Affiliate, shall be the initial operator until replaced by the Management Committee or until such time as it resigns pursuant to the terms of this part.

7.02

The Operator may at any time on ninety (90) days notice to the Management Committee resign as Operator, in which event the Management Committee shall select another Party, person or company to be Operator upon the 90th day

after receipt of the Operator's notice of resignation or such sooner date as the Management Committee may establish and give notice to the resigning Operator. The resigning Operator shall thereupon be released and discharged from all its duties and obligations as Operator on the earlier of those dates, save only as to those duties and obligations that it theretofore should have performed.

7.03

The new Operator shall assume all the rights, duties, liabilities and status of the previous Operator as provided in this Agreement, other than the previous Operator's Interest, if any, with such obligation to retain or hire any of the employees of the former Operator, or to indemnify the former Operator for any costs or expenses which the previous Operator may incur as a result of the termination of the employment of any of its employees resulting from this change of Operator, as the Joint Venture has not assumed.

8.

**POWERS, DUTIES AND OBLIGATIONS OF OPERATOR**

8.01

Subject to the control and direction of the Management Committee, the Operator shall have full right, power and authority to do everything necessary or desirable to manage, conduct, and carry out the Project and to determine the manner of development of the Project and, without limiting the generality of the foregoing, shall have the right, power and authority to:

(a)

conduct such of the Project, the JV Assets, the JV Business, and administration on such premises as it shall determine, including its own premises, and regulate access to the JV Assets and Project subject only to the right of representatives of the Parties to have access at all reasonable times for the purpose of inspecting work being done thereon but at their own risk and expense;

(b)

employ and engage any such employees, agents and independent contractors as it may consider necessary or advisable to carry out its duties and obligations hereunder and in this connection to delegate any of its powers and rights to perform its duties and obligations hereunder, but the Operator shall not enter into contractual relationships with a Party except on terms which are commercially competitive; and

(c)

execute all documents, deeds and instructions, do or cause to be done all such acts and things and give all such assurances as may be necessary to maintain good and valid title to the JV Assets and each Party hereby irrevocably constitutes the Operator its true and lawful attorney to give effect to the foregoing and hereby agrees to indemnify and save the Operator harmless from any and all costs, loss or damage sustained or incurred, without gross negligence or bad faith by the Operator, directly or indirectly, as a result of its exercise of its powers pursuant to this sub-paragraph.

8.02

The Operator shall have the following duties and obligations during the term hereof:

Page 116 of 251

---

(a)

to diligently manage, direct and control all development of the Project and the JV Assets in accordance with the development plans of the Project approved by the Management Committee and in compliance with all applicable laws, rules, orders and regulations;

(b)

provide pro formas, projections, and budget analysis for the Project for assessment by the Management Committee and the Operator shall prepare and submit reports on a quarterly basis to the Participants respecting operations of the Joint Venture;

(c)

subject to provision of funds, subject to the requirement for operating loans and other commercial facilities in the nature of leases or otherwise and subject to either party retaining the right to register its Interest for its own needs, to keep the JV Assets in good standing and appropriately registered with service providers and registries and clear of all liens, charges and encumbrances of every character arising from operations (except for those created pursuant to this Agreement and the Project finance requirements)

(d)

to maintain true and correct books, accounts and records of operations hereunder;

(e)

to permit one representative of the Parties on not less than one (1) business day notice, and at their expense, to inspect, audit, and copy the Operator's accounts and records relating to the JV Assets, Project development or to the determination of Revenue;

(f)

to open and maintain on behalf of the Joint Venture such bank account or bank accounts as the Operator may determine or the Management Committee may direct;

(g)

to prosecute and defend, but not to initiate without the consent of the Management Committee, all litigation or administrative proceedings arising out of the JV Assets or the Project; and

(h)

to transact, undertake and perform all transactions, contracts, employments, purchases, operations, governmental presentations, negotiations with third parties and any other matter or thing undertaken by or on behalf of the Joint Venture hereunder in the Operator's name.

8.03

Subject to any specific provisions of this Agreement, the Operator, in carrying out its duties and obligations hereunder, shall at all times be subject to the direction and control of the Management Committee and shall perform its duties hereunder in accordance with the instructions and directions as from time to time communicated to it by the Management Committee and shall make all reports to the Management Committee except where otherwise specifically provided herein.. The Operator shall act in good faith and in the best interest of the Joint Venture at all times and conduct the affairs of the Joint Venture with a view to maximizing gross revenue of the Joint Venture.

**9.**

**MANAGEMENT COMMITTEE**

9.01

A Management Committee, consisting of two representatives of Stockgroup and one representative of SMC shall be established. The Management Committee shall be the governing body of the Joint Venture and shall be responsible

for general management and control of the Joint Venture and for determining the choice of and the general policies and direction to be adopted by an Operator.

9.02

The Management Committee shall meet at least once quarterly and otherwise on ten (10) days notice given by the Operator or by a Participant. Such notices shall be accompanied by an agenda of matters to be discussed and/or decided at the meeting. Decisions of the Management Committee shall be by majority vote. Each Party's Management Committee representatives (voted as to 50% each if both are present or voted collectively by one if one representative is present) shall be entitled to one vote for each one percent Interest held by such Party. A quorum shall be one representative of each Party. If a quorum is not present then the meeting shall be adjourned one week and the members present at such subsequent

meeting shall constitute a quorum. If there are any issues or uncertainties in respect to procedure or authorities then the Participants and their representatives shall adopt the laws, policies, and precedents applicable to corporate law as if the Management was a board of directors of a public company in Canada.

9.03

The Joint Venture shall keep proper accounting records (including financial statements) in respect of all financial transactions, and shall keep such other records as may be determined by the Management Committee. The said records shall be kept at a place determined by the Management Committee and may be inspected by any Party and any member of the Management Committee at any time during normal business hours.

**10.**

**PARTITION AND OPTION**

No Party shall, during the term of this Agreement, exercise any right to apply for any partition of the JV Assets and the Parties hereby waive any right to partition.

10.02

At any time during the continuance of this Agreement (while in good standing) following the Carry Period, Stockgroup shall have the election and option (the "Option") for a period of one year to acquire the whole of the SMC



Interest (the "Option Interest" as such may be net of the Dilution Interest such that Stockgroup shall own 100% of the Joint Venture and the JV Assets after closing) and at any time for a period of one year after the Carry Period SMC may elect and option (again the "Option") to cause Stockgroup to purchase and SMC to sell the whole of the SMC Interest on the following terms;

notice of intention to exercise the Option shall be given by the exercising Party and thereupon the Parties shall proceed with reasonable dispatch to effect a closing of the Option within 90 days of the notice;

the Parties shall agree upon a professional arms-length valuator to provide the Parties a fair market value price ("Option Price") of the Option Interest;

the Option Price shall be paid by Stockgroup in common shares of Stockgroup Information Systems Inc. which shall be calculated by dividing the Option Price by the price of the common shares of Stockgroup on its principal exchange for the 10 days preceding the notice of exercise of Option but that the Option Price shall not be less than 920,000 shares and not more than 1,120,000 shares.

**11.**

**TAX BENEFITS AND WRITE OFFS**

11.01

Each Party on whose behalf any Costs have been incurred and in proportion to their Interests shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto.

**12.**

**RESTRICTIONS ON ALIENATION**

12.01

Save and except as provided elsewhere herein, during the Carry Period and for a period of one year thereafter SMC shall not transfer, convey, assign, mortgage or grant an option in respect of or grant a right to purchase or in any way transfer or alienate all or any portion of its Interest or rights under this Agreement except by permission of the other Party, which shall not be unreasonably withheld. Stockgroup may sell its Interest, or any part thereof, but shall sell subject to the buyer assuming its obligations of this Agreement.

12.02

Nothing in this section shall prevent:

Page 118 of 251

---

(a)

a sale by any Party of any part of its Interest or an assignment of any part of its rights under this Agreement to an Affiliate provided that such Affiliate first complies with the provisions of sub-paragraph 12.09 and agrees with the other Parties in writing to re-transfer such Interest to the originally assigning Party before ceasing to be an Affiliate of such Party; or

(b)

a disposition pursuant to an amalgamation or corporate reorganization which will have the effect in law of the amalgamated or surviving company possessing all the property, rights and interest and being subject to all debts, liabilities and obligations of each amalgamating or predecessor company, and the same not constituting a change of control.

12.03

Any of the Parties intending to dispose of all or any portion of its Interest or rights under this Agreement (in this section called the "Offeror") shall first give notice in writing to the other Parties (in this section called the "Offerees") of such intention together with the terms and conditions on which the Offeror intends to dispose of its Interest or a portion thereof or rights under this Agreement.

12.04

Any communication of an intention to sell (the "Offer") for the purposes of this section shall be in writing and shall:

(a)

set out in reasonable detail all of the terms and conditions of any intended sale;

(b)

if it is made pursuant to a proposed sale by agent, advertisement, or otherwise, include a photocopy of the Offer and all other relevant documents; and

(c)

if it is made pursuant to a third Party offer, clearly identify the offering Party and include such information as is known by the Offeror about such offering Party;

and such communication will be deemed to constitute an Offer by the Offeror to the Offerees to sell the Offeror's Interest or its rights (or a portion thereof as the case may be) under this Agreement to the Offerees on the terms and conditions set out in such Offer.

12.05

Any Offer made as contemplated in sub-paragraph 12.04 shall be open for acceptance by one or more Offerees, and if more than one, then pro-rata by the Offerees, for a period of thirty (30) days from the date of receipt by the Offerees. The whole of the Offer must be accepted and if there are more than one Offeree, and one or more refuse their pro-rata portion, then the same may be accepted by the other Offerees in whole, but pro rata if more than one.

12.06

If one or more of the Offerees accept the Offer, such acceptance shall constitute a binding agreement of purchase and sale between the Offeror and the Offerees, or of such one or more of them as accept the Offer on the terms and conditions set out in such Offer.

12.07

If none of the Offerees accept the Offer, or do accept but fail to close the transaction contemplated thereby, the Offeror may complete a sale and purchase of its Interest, or a portion thereof or rights under this Agreement, for up to six months thereafter on terms and conditions not less favorable to the Offeror than those set out in the Offer.

12.08

While any Offer is outstanding, no other Offer may be made until the first Offer is disposed of and any sale resulting therefrom completed or abandoned in accordance with the provisions of this part.

12.09

Before the completion of any sale by a Party of its Interest or rights, or any portion thereof, under this Agreement, the purchasing party shall enter into an agreement with the Parties not selling on the same terms and conditions, mutatis mutandis, as set out in this Agreement.

12.10

Each Party agrees that its failure to comply with the restrictions set out in this section would constitute an injury and result in damage to the other Parties impossible to measure monetarily and, in the event of such failure, the other Parties shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining or enjoining any sale of any Interest or rights under this Agreement, save in accordance with the provisions of this section, and any Party intending to make a sale or making a sale contrary to the provisions of this section hereby waives any defense it might have in law to such injunctive relief.

13.

**CONFIDENTIALITY AND COMPETITION**

13.1

From the Effective Date and during this Agreement SMC will not engage in any business which reasonably may detract from, compete with or conflict with the Business, without disclosure to the Management Committee, and will not do so if a Party reasonably objects. However, this shall not prejudice the right or ability of a SMC to pursue existing business (except the business which is being transferred to the Joint Venture) or opportunities which have been disclosed to the Parties or appear on the public record nor prejudice future opportunities which, by standards of the industry, are not directly competitive with the Business.

13.2

A Party hereunder will not, except as authorized or required by the Party's duties hereunder or as flow as a consequence of law or contract of sale (for example consequent upon reporting requirements of a public company or consequent upon a merger or consequent upon a sale of Interests by a Party hereto), reveal or divulge to any person or companies any Confidential Information concerning the Joint Venture or its Business or of any of the Parties or of any Affiliates, which may come to the Party's knowledge during this Agreement, and the Parties will keep in complete secrecy all Confidential Information and will not use or attempt to use any such Confidential Information in any manner which may injure or cause loss either directly or indirectly to the Joint Venture's Business. This restriction will continue to apply after the termination of this Agreement without limit in point of time but will cease to apply to information or knowledge which may come into the public domain through no act or fault of the alleged offending Party. During this Agreement and for a period of one year following the termination the Party (the "*Leaving Party*") which has left the Joint Venture (whether by default, removal by loss of all Interest or removal by exercise of Option), excepting only wind-up with distribution to each Party of Joint Venture Assets (in which case both Parties shall be free to conduct the Business in competition) shall not enter into any activity which would cause restriction or competition to the Business thereby remaining with the other Party (the "*Remaining Party*") and, without restricting the generality, shall not enter into the service of any competitor, shall not provide to any party Confidential

Information which would allow such party to compete with the Remaining Party, shall not accept any position or effect any investment with a party which competes with the Remaining Party or which intends to compete with the Remaining Party, nor take any steps which would negatively affect the Remaining Party including such acts as inducing customers or members of the Remaining Party to leave the Remaining Party. The Leaving Party will also refrain from effecting negative acts in respect to the Remaining Party both including refraining from such acts as spreading false or malicious rumors, comment, or innuendo, initiating communications which bring the reputation of the Remaining Party in disfavor or under suspicion, or otherwise effecting negative acts or campaigns towards the Remaining Party.

13.3

The Parties acknowledge that the Confidential Information is crucial to the Business and to the Parties individually and that in the event of unauthorized disclosure or use of the Confidential Information, which the Parties acknowledge would be an act of bad faith as well as a breach of this undertaking, the damage will be irreparable or the affected Party will not be adequately compensated by monetary award. Accordingly, the offending Party agrees that in the event of any such breach, the affected Party shall be entitled as a matter of right, without notice and prior to service of an originating action in British Columbia and on an ex parte application, to apply to a Court of competent jurisdiction in British Columbia, for determination in accordance with British Columbia law, for relief by way of restraining

Page 120 of 251

---

order, injunction, decree or otherwise as may be appropriate to ensure compliance with the provisions hereof. The Parties also agree and acknowledge that the offending Party will also be liable, as liquidated damages, for an amount equal to the amount received and earned by the offending Party as a result of and with respect to any breach hereof, in addition to any other losses the affected Party may suffer, including loss of economic opportunity.

13.4

Upon termination of this Agreement:

(a)

The Parties hereby acknowledge and agree that all personally possessed or Joint Venture property, including without limitation, all books, manuals, records, reports, notes, contracts, lists, and other documents, Confidential Information, copies of any of the foregoing, and equipment furnished to or prepared by the Joint Venture or a Party for such and in the course of or incidental to the Business or this Agreement, all belong to the Joint Venture and shall be promptly returned to the Joint Venture upon termination; and

(b)

The Parties acknowledge that all Confidential Information is received or developed in confidence and for the exclusive benefit of the Joint Venture and the successors thereof. During this Agreement and thereafter in accordance with this Agreement's restrictions, Parties will not, directly or indirectly, except as required by the normal business of

the Joint Venture or expressly consented to in writing by the Management Committee:

(i)  
disclose, publish or make available, other than to an authorized person any Confidential Information;

(ii)  
acquire, possess for his own interest, sell, transfer or otherwise use or exploit any Confidential Information;

(iii)  
permit the sale, transfer, or use or exploitation of any Confidential Information by any third party; or

(iv)  
retain upon termination or expiration of this Agreement any Confidential Information, any copies thereof or any other tangible or retrievable materials containing or constituting Confidential Information;

## **14.**

### **FORCE MAJEURE**

#### 14.01

No Party will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its reasonable control (except those caused by its own lack of funds) including, but not limited to, acts of God, fire, storm, flood, explosion, strikes, lockouts, or other industrial disturbances, riots, laws, rules and regulations or orders of any duly constituted governmental authority, including environmental protection agencies, or non-availability of materials or transportation (each an "Intervening Event").

#### 14.02

All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.

14.03

A Party relying on the provisions of sub-paragraph 14.01 will take all reasonable steps to eliminate any Intervening Event and, if possible, will perform its obligations under this Agreement as far as practical, but nothing herein will require such Party to settle or adjust any labour disputes or to question or to test the validity of any law, rule, regulation, or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders it uneconomical or impossible of completion.

Page 121 of 251

---

**15.**

**NOTICE**

15.01

Any notice, direction, cheque or other instrument or communication required or permitted to be given under this Agreement shall be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by telegram, telex, telecommunication or other similar form of communication, in each case addressed to the intended recipient at the address of the respective Party set out on the first page hereof.

15.02

Any notice, direction, cheque or other instrument or communication will, if delivered, be deemed to have been given and received on the day it was delivered, and if mailed, be deemed to have been given and received on the seventh business day following the day of mailing, except in the event of a disruption of the postal service in which event notice will be deemed to be received only when actually delivered on the address and, if sent by telegram, telex, telecommunications or other similar form of communication, be deemed to have been given or received on the day it was so sent.

15.03

Any Party may at any time give to the other notice in writing of any change of address of the Party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such Party for the purposes of giving notice hereunder.

**16.**

**WAIVER**

16.01

If any provision of this Agreement shall fail to be strictly enforced, or any Party shall consent to any action by any other Party, or shall waive any provisions as set out herein, such action by such Party shall not be construed as a general waiver thereof but only a waiver for the specific time that such waiver or failure to enforce takes place and shall at no time be construed as a consent, waiver, or excuse for any failure to perform and act in accordance with this Agreement at any past or future occasion.

**17.**

**FURTHER ASSURANCES**

17.01

Each of the Parties hereto, shall from time to time and at all times, do all such further acts and execute and deliver all further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement. This section shall not be construed as imposing any obligation on any Party to provide guarantees.

**18.**

**USE OF NAME**

18.01

No Party shall, except with written permission or when required by this Agreement, or by any law, by-law, ordinance, rule, order or regulation, use, suffer or permit to be used, directly or indirectly, the name of any other Party for any purpose related to this Agreement or the Project.



**19.**

**ENTIRE AGREEMENT**

19.01

This Agreement embodies the entire agreement and understanding among the Parties hereto and supersedes all prior agreements and undertakings, whether oral or written, relative to the subject matter hereof.

Page 122 of 251

---

**20.**

**AMENDMENT**

20.01

This Agreement may not be changed orally but only by an agreement in writing, executed by each of the Parties.

**21.**

**TERM**

21.01

Unless earlier terminated by default or by agreement of all Parties or as a result of one Party acquiring the whole of the other Party's Interest, the Joint Venture and this Agreement shall remain in full force and effect for so long as any part of the Joint Venture Assets or Project is held or conducted in accordance with this Agreement, but such period not to exceed 10 years.

**22.**

**DEFAULT**

22.01

No Party hereto shall purport to terminate this Agreement for any event of default except pursuant to the terms of this part.

22.02

Except for emergency proceedings in respect to a default by a Party which materially jeopardizes the Project or finances or credit or the JV Assets, no Party hereto shall take proceedings for default, or otherwise, unless it has given the defaulting Party notice in writing of the nature and scope of the default and the defaulting Party has failed to correct such default within ten (10) business days of notice of such default.

**23.**

**TERMINATION AND WIND-UP**

23.01

Upon termination of this Agreement for whatever cause, the Management Committee shall administer wind-up of the Joint Venture and shall dispose of JV Assets in such manner as the Management Committee determines, consistent with practices of corporate law and practice, and shall distribute the net JV Assets, after discharge of all encumbrances, in accordance with outstanding Interests. At the time of wind-up of the Joint Venture or termination of the Project for any reason, the Management Committee shall meet and approve a procedure for the retention, maintenance and disposal of documents (the "Documents") and shall appoint such Party as may consent thereto to ensure that all proper steps are taken to implement and maintain that procedure. If the Management Committee fails to approve a procedure as aforesaid, the Operator, if a Party, otherwise a Party holding an Interest as at the date immediately preceding the date the management Committee was called to meet, shall retain, maintain and dispose of the Documents according to such procedure, in compliance with all applicable laws, as it deems fit. The Party entrusted with the retention, maintenance and disposal of the Documents shall estimate the costs and expenses incidental thereto and shall be entitled to receive payment of those costs and expenses prior to any distribution being made of the Assets or the revenues received on the disposal thereof.

**24.**

**ENUREMENT**

24.01

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

25.

**GOVERNING LAW AND COMPLIANCE**

25.01

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia. The Parties will comply with all Canadian, U.S. and foreign laws, whether federal, provincial or state, applicable to the Parties hereunder.

26.

**SEVERABILITY**

26.01

If any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction, and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

27.

**HEADINGS**

27.01

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

28.

**TIME OF THE ESSENCE**

28.01

Time shall be of the essence in the performance of this Agreement.

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as of the day, month and year first written above.

**THE CORPORATE SEAL** of

)

**Stockgroup Media Inc.**

)

was hereunto affixed in the presence of:

)

)

)

c/s

)

Authorized Signatory

)

**THE CORPORATE SEAL** of

)

**Stockhouse Media Corporation**

)

was hereunto affixed in the presence of:

)

)

)

c/s

)

Authorized Signatory

)

**Schedule "A"**

**Stockgroup Assets Contributed**

the use of facilities of Stockgroup or of its affiliates at reasonable commercial rates;  
conduct as Operator at reasonable commercial rates;  
contribution of the Acquired Interests

**Schedule "B"**

Stockhouse Assets Contributed

**Schedule "C"**

The Project

Stockhouse has built an Internet financial media company that has succeeded in attracting a high amount of targeted traffic. The cost of servicing the Stockhouse Internet sites including but not limited to Stockhouse.ca, Stockhouse.com and Stockhouse.com.au exceeds the revenue that Stockhouse has been able to generate from its media properties. Stockgroup has built an Internet financial media and technology company, but has been more successful in generating revenue both in relationship to its costs and in relationship to Stockhouse.

Stockgroup uses and pays for the services of a number of content and data providers that are also used by Stockhouse. Stockgroup employs a variety of personnel that have the skills necessary to operate significant portions of the Stockhouse Internet sites. Stockgroup owns and operates a significant amount of the equipment necessary to operate the Stockhouse sites. Stockgroup has achieved a greater degree of success than Stockhouse in utilizing its technologies, infrastructure and marketing expertise to generate revenue.

The project is to reduce the combined costs of Stockhouse and Stockgroup by eliminating duplication of services and costs such as content and data providers, personnel, equipment, and premises and to increase revenues through a combining of the sales and marketing resources of the two companies and through the combining of service offerings to customers.

The project will be managed by Stockgroup who will use its management and infrastructure to reduce the combined costs of the two entities and to increase the revenues of the entities.

Page 127 of 251

---

EXHIBIT 4.16 FORM OF SUBSCRIPTION AGREEMENT DECEMBER 31, 2002

**SUBSCRIPTION AGREEMENT**

**PRIVATE ISSUE**

To:

**STOCKGROUP INFORMATION SYSTEMS INC.** (hereafter called the "*Company*" or "*Issuer*"), a Colorado company, with an address for notice and delivery at #500 - 750 W. Pender St., Vancouver, British Columbia, V6C 2T7

*[Subscribers please note that to fulfill this subscription properly you must (a) read this document carefully and acquire your independent legal and investment advice as this document constitutes a binding legal document upon your tendering the same to the Company or its agents, (b) fill in the amount of securities subscribed for in the section "Securities Requested for Purchase by the Subscriber" on page 2 hereof, (c) check off the exemption below in the section "Eligibility Declaration by the Subscriber" (page 2 and following) which applies to you as either a US or Canadian subscriber, (d) complete the signature and information page at the end of this agreement, and (e) deliver this subscription agreement and payment, in accordance with the section "Method of Subscription", to the Issuer or its designated agent and if subscribing pursuant to an offering memorandum also include a signed 'risk acknowledgement' document]*

### COMPANY OFFERING

The Company is offering, on a private placement basis, units (the "Units" or also the "Securities"), whereby each Unit consists of one common share (the "Share" or "Shares" as the context requires or also the "Securities") and one non-transferable share purchase warrant (the "Warrant" or "Warrants" as the context requires) of its own issue, to eligible investors (such an investor who subscribes to this issue by this document is hereafter called the "Subscriber") at a price of **\$0.16 US** per Unit. The Company offers, and the Subscriber accepts, the Units on the terms and conditions hereafter set forth.

With each Unit subscribed, the Subscriber shall receive one Share and shall also receive a Warrant having the following characteristics:

- (a)  
two Warrants permits the purchase of another Share at a price of \$0.22 US until twelve months from the date of issue;
- (b)  
the Warrants shall be altered for each alteration of capital of the Company, or its successor, as to number and

- (c)  
price in accordance with industry practice; and



(d)

the Warrants are non-transferable and the Warrants and any resultant shares are subject to such restrictions as law requires.

Page 129 of 251

---

**SECURITIES REQUESTED FOR PURCHASE BY THE SUBSCRIBER**

**Based upon the hereafter terms, conditions, representations, warranties, and covenants given by each party to the other, the Subscriber hereby subscribes for and agrees to purchase**

\_\_\_\_\_ **Units of the Company for an aggregate consideration**

**of \$** \_\_\_\_\_

**US (the "*Subscription Price*") and for which payment is hereby delivered to the Company.** The Company, upon acceptance by the board of all or part of this subscription, agrees to issue the accepted number of Securities, fully paid and non-assessable, as consideration for the Subscriber's subscription, and to refund any excess subscription monies of the Subscription Price of any non-accepted portion.

The Subscriber understands and acknowledges that the Company is a reporting and publicly trading company listed on the NASD Over-the-Counter Bulletin Board and a reporting issuer in British Columbia and the Subscriber acknowledges that no party independent of the Company has made or will make any opinion or representations on the merits or risks of an investment in the Securities. The Subscriber acknowledges hereby being advised and is encouraged to seek independent investment advice.

The Subscriber warrants that the Subscriber has truthfully and fully disclosed the Subscriber's information in this subscription document and has read and concurs in all the statements of this subscription, upon which the Company relies (to its possible damage if the Subscriber declares falsely), has disclosed the Subscriber's proper jurisdiction and has declared whether the Subscriber is or is not, directly or indirectly, a US subject and has considered carefully and answered truthfully (and has sought appropriate counsel and advice) as to the exemptions which apply to the Subscriber and has fully considered the economic reasonableness of an investment by the Subscriber in the Company in the circumstances of the Subscriber.

**ELIGIBILITY DECLARATION BY THE SUBSCRIBER**

*As confirmation that the Subscriber is eligible to purchase the Securities as an exempt purchase the Subscriber warrants that it complies with one of the following exemptions, which has been checked off and upon which the Company relies.*

**BRITISH COLUMBIA AND ALBERTA SUBSCRIBERS**

**The Subscriber declares that the Subscriber is not a United States subject and if the Subscriber is a resident of British Columbia or Alberta the Subscriber fulfills one of the following criteria**

Page 130 of 251

---

**(PLEASE CHECK OFF APPROPRIATE CATEGORY) and which category is warranted by the Subscriber:**

( )

at the time of the Subscriber's investment herein the Subscriber is a director, officer, or employee of the Company or a subsidiary.

( )

The Subscriber is subscribing for an amount which has an aggregate acquisition cost of not less than a prescribed amount (being \$97,000) and the purchaser is not a corporation, syndicate, partnership or other form of incorporated or unincorporated entity or organization created solely to permit the purchase of the Securities (or other similar purchases) by a group of individuals whose individual share of the aggregate acquisition cost of such Units is not less than \$97,000.

( )

Edgar Filing: - Form

The Subscriber is purchasing the Securities as principal and fulfils one of the following categories:

(a)

a director, senior officer or control person of the issuer, or of an affiliate of the issuer,

(b)

a spouse, parent, grandparent, brother, sister or child of a director, senior officer or control person of the issuer, or of an affiliate of the issuer,

(c)

a close personal friend of a director, senior officer or control person of the issuer, or of an affiliate of the issuer,

(d)

a close business associate of a director, senior officer or control person of the issuer, or of an affiliate of the issuer, or

(e)

a person or company that is wholly owned by any combination of persons or companies described in paragraphs (a) to (d).

**[Section 3.1 of Multilateral Instrument 45-103]**

( )

The Subscriber is a resident of British Columbia and the Subscriber is purchasing the Securities as principal and the Subscriber:

(a)

has received an offering memorandum of the Issuer, and

(b)

has signed a risk acknowledgement and provided the same to the Issuer.

Notwithstanding any other provision of this agreement, if the Subscriber has subscribed employing this exemption then such Subscriber shall have the benefit of any additional terms set forth in the offering memorandum or provided by law in respect to rights of rescission and contractual rights in the event of misrepresentation.

**[Subsection 4.1(1) of Multilateral Instrument 45-103]**

( )

The Subscriber is a resident of Alberta and:

(a)

the Subscriber is purchasing the Securities as

Page 131 of 251

---

principal,

(b)

the Subscriber has received an offering memorandum of the Issuer and has signed a risk acknowledgement and provided the same to the Issuer; and

(c)

either

(i)

the Subscriber is an eligible investor (a person whose net assets, alone or with spouse, exceeds \$400,000 or whose net income before taxes in the two most recent years exceeded \$75,000 (or \$125,000 with spouse) and who reasonably expects to exceed such amount in the current year), or

(ii)

the Subscriber's aggregate acquisition cost does not exceed \$10,000.

[Subsection 4.1(3) of Multilateral Instrument 45-103]

( )

The Subscriber is an accredited investor and therefor is an exempt purchaser by virtue of the Subscriber's wealth. For an individual an 'accredited investor' is a person who alone or with spouse has, directly or indirectly, financial assets (cash and securities) exceeding \$1,000,000, net of related liabilities, or whose net income before taxes exceeded \$200,000 in the two most recent years (or \$300,000 with spouse) and reasonably expects to exceed that level in the current year.

The Subscriber represents and warrants that he has declared that the Subscriber is not a person subject to United States jurisdiction by checking off one of the foregoing categories of exemption and such declaration warrants without equivocation that the Subscriber is not a US investor, directly or indirectly, and the Subscriber is not subscribing as an agent or nominee or trustee or in any other capacity, partly or wholly or directly or indirectly, for a US person subject to US law.

**UNITED STATES SUBSCRIBERS**

**If the Subscriber is a US citizen (or otherwise subject to US jurisdiction) the Subscriber hereby so declares and further declares that the Subscriber is an "Accredited Investor" as that term is defined in Regulation D promulgated under the relevant Securities Act (the "Act") of the United States, by virtue of the Subscriber's qualification under one or more of the following categories (PLEASE CHECK OFF APPROPRIATE CATEGORY):**

( )

The Subscriber is a natural person whose individual net worth, or joint net worth with that person's spouse exceeds \$1,000,000, not including the Subscriber's principal residence.

( )

The Subscriber is a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

( )

The Subscriber is a corporation, organization described in section 501(c)(3) of the United States Internal Revenue Code, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of \$5,000,000.

( )

Edgar Filing: - Form

The Subscriber is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person.

( )

The Subscriber is a director or executive officer of the Corporation.

( )

The Subscriber is a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940.

( )

The Subscriber is a bank as defined in section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; an insurance company as defined in section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

( )

The Subscriber is an entity in which all of the equity owners are accredited investors under one or more of the categories set forth above.

**As the Company is a US company whose securities are subject to US law, the Subscriber hereby agrees, represents and warrants to the Company as follows:**

(i)

Subscriber (i) is not a U.S. Person (as defined in Rule 902 of Regulation S ("Regulation S") under the United States

Page 134 of 251

---

Securities Act of 1933 (the "1933 Act")), which definition includes, but is not limited to, any natural person resident in the United States, any corporation or partnership incorporated or organized under the laws of the United States, or any estate or trust of which any executor, administrator or trustee is a U.S. Person); (ii) is not purchasing any of the Securities for the account or benefit of any U.S. Person or for offering, resale or delivery for the account or benefit of any U.S. Person or for the account of any person in any jurisdiction other than the jurisdiction set out in the name and address of Subscriber below; and (iii) was not offered any Securities in the United States and was outside the United States at the time of execution and delivery of this Subscription Agreement.

(ii)

Subscriber acknowledges that the Securities have not been registered under the 1933 Act and the Company has agreed to register the securities purchased under this offering with the Securities and Exchange Commission by filing a registration statement under the 1933 Act within 60 days of the closing of this offering. The Subscriber agrees to resell the Securities only in accordance with the provisions of Regulation S and any other applicable securities laws, pursuant to a registration under the 1933 Act, or pursuant to an available exemption from such registration, and that hedging transactions involving the Securities may not be conducted unless in compliance with the 1933 Act. The Subscriber understands that any certificate representing the Securities will bear a legend setting forth the foregoing restrictions. The Subscriber understands that the Securities are restricted securities within the meaning of Rule 144 promulgated under the 1933 Act; that the exemption from registration under Rule 144 will not be available in any event for at least one year from the date of purchase and payment of the Securities by the Subscriber, and other terms and conditions of Rule 144 are complied with; and that any sale of the Securities may be made by the Investor only in limited amounts in accordance with such terms and conditions. In addition, any Subscriber who is a British Columbia or Alberta resident will be subject to British Columbia and Alberta resale restrictions which will be set out in the legend stamped on the certificate representing the Securities.

(iii)

No U.S. Person, either directly or indirectly, has any beneficial interest in any of the Securities acquired by Subscriber hereunder, nor does Subscriber have any agreement or understanding (written or oral) with any U.S. Person respecting:

- (a)  
the transfer or any assignment of any rights or interest in any of the Securities;
  
- (b)  
the division of profits, losses, fees, commissions or any financial stake in connection with this subscription; or
  
- (c)  
the voting of the Securities.
  
- (iv) the Subscriber understands that each person exercising any Warrant comprising a part of the Securities will be

Page 135 of 251

---

required to give to the Company at the time of exercise written certification that such person is not a U.S. person and that the Warrant is not being exercised on behalf of a U.S. person.

**RESTRICTED SECURITIES AND RESTRICTED DISPOSITION**

**The Subscriber represents and warrants that the Subscriber was not specifically formed and has not acted to acquire any of the Securities subscribed for in this Agreement in violation of the provisions of Regulation S or Rule 144 under the securities laws of the United States or in violation of any of the exemptions provided by the securities laws of Alberta or British Columbia. The Subscriber acknowledges that the Securities will be restricted as to disposition as set forth below and agrees to abide by such restrictions.**

Whether the Subscriber has purchased subject to Rule 144 or Reg. S or pursuant to any exemptions under the securities laws of British Columbia or Alberta the Subscriber represents and warrants that the Subscriber understands that:



(a)

neither the sale of the Securities which the Subscriber is acquiring nor the Securities themselves has been registered under any state securities laws and the Securities must be held indefinitely unless subsequently registered or an exemption from such registration is available; and

(b)

the share certificate representing the Securities will be stamped with the following legends (or substantially equivalent language) restricting transfer:

"The securities represented by this certificate have not been registered under the Securities Act of 1933 or the laws of any state and have been issued pursuant to an exemption from registration pertaining to such securities and pursuant to a representation by the security holder named hereon that said securities have been acquired for purposes of investment and not for purposes of distribution. These securities may not be offered, sold, transferred, pledged or hypothecated in the absence of registration, or the availability of an exemption from such registration. Furthermore, no offer, sale, transfer, pledge or hypothecation is to take place without the prior written approval of counsel to the issuer being affixed to this certificate. The stock transfer agent has been ordered to effectuate transfers of this certificate only in accordance with the above instructions."

"Unless permitted under securities legislation in British Columbia or Alberta, the holder of the securities shall not trade the securities before the earlier of (i) the date that is 12 months and a day

---

after the date the issuer first became a reporting issuer in any of Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan, if the issuer is a SEDAR filer; and (ii) the date that is 12 months and a day after the later of (A) the distribution date, and (B) the date the issuer became a reporting issuer in the local jurisdiction of the purchaser of the securities that are the subject of the trade."

It is acknowledged by the parties hereto that the Company will attempt to acquire the benefit of four month hold periods to the Securities for the benefit of British Columbia and Alberta subscribers (and any subscribers in other provinces who may participate where such is permitted) by application to listing on the TSX Venture Exchange and filing of an AIF under the policies of such jurisdictions. However, it is acknowledged that the Company will make reasonable commercial efforts to effect such and there is no warranty that such will occur. In the event of failure of the same the forgoing restrictions will apply and the investor is also directed to the terms of section 2 under the section headed "Additional Investment Subscription Terms, Corporate Disclosure and General Subscriber Acknowledgements

and Warranties" below.

**METHOD OF SUBSCRIPTION**

A subscription shall be made by delivering to the Company or its agent a signed and fully completed copy of this subscription agreement (with a 'risk acknowledgement declaration' if subscribing pursuant to an offering memorandum) and the Subscription Price made to the order of the Company or its designated agent.

The Company shall return to the Subscriber the Subscription Price, or such amount as has not been accepted, as to such part of the subscription which the Company has not accepted.

Should the Subscriber's subscription be submitted to the solicitors for the Issuer and payment delivered to the solicitors in trust then the Subscriber agrees that the solicitors shall have no accountability to the Subscriber whatsoever, and acknowledges that the solicitors are merely recipients for the Issuer and have no solicitors obligations of any nature to the Subscriber. The only duty the solicitors shall have is to deliver the subscription agreement and the subscription monies to the Issuer and the solicitors shall require no further instruction other than this paragraph from the Subscriber in order to deliver the same to the Issuer. Under no circumstances shall the Company's solicitors be considered to be giving legal or other advice or services to the Subscriber and no communication between the Subscriber and such solicitors shall be considered advice (at the most only administrative subscription assistance on behalf of the Company) but the Subscriber shall rely solely and exclusively on his own judgement and the advice of his own counsel.

**ADDITIONAL INVESTMENT SUBSCRIPTION TERMS, CORPORATE DISCLOSURE AND GENERAL SUBSCRIBER ACKNOWLEDGMENTS AND WARRANTIES**

1.

**Description of the Securities.** The Securities are a part of the common shares of the Company. The Company's authorized capital consists of 75,000,000 common shares without par value, of which 15,875,768 shares were issued and outstanding as of August 20, 2002, and 5,000,000 preferred shares without par value, of which no shares were

issued and outstanding as of August 20, 2002. Copies of the constating documents of the Company describing the common securities and the rights of holders and other corporate materials of the Company are available upon request.

2.

**Closing of subscription and Use of Funds of the Securities.** The Subscriber agrees that closing of this subscription, and completion of the transaction, is subject to and deferred until listing of the Issuer on the TSX Venture Exchange and until completion of an effective AIF filing ("Closing Conditions"). Notwithstanding such deferral the subscription monies shall be advanced to the Issuer to reserve the Subscriber's subscription and the Issuer may employ such funds for its business purposes nor shall such funds be considered a loan and shall not bear interest but shall constitute solely a reservation of subscription and advance of funds. The Subscriber shall not demand return of its subscription unless the Closing Conditions have not occurred for a period in excess of one year from the date of this subscription. Notwithstanding the Closing Conditions the Issuer may elect to waive the Closing Conditions on or before such one year subject to the Issuer being a trading issuer in good standing on the OTCBB or another public exchange and subject to the Issuer proceeding to file an amended or new SB-2 qualifying the Securities unless the Shares of the Securities otherwise have the benefit of an exemption permitting trading. The Subscriber acknowledges that the funds to be raised from the Securities are to be employed for the business of the Company in accordance with management's determination as to the best use of the same for the Company's business plans. Notwithstanding any disclosure document provided concurrent with this subscription the Company reserves the right at any time to alter its business plans in accordance with management's appreciation of the market for the goods and services of the Company and the best use of the Company's funds to advance its business, whether present or future.

3.

**Securities Issued at Different Prices and Characteristics.** The Subscriber acknowledges that the Company will issue its securities at different prices which may occur sequentially, from time-to-time, or at the same time. The Company will also issue offerings which have warrants, or other benefits, attached and some offerings which do not. Not all subscribers will receive common shares, or other share classes, of the Company at the same price and such may be issued at vastly different prices to that of the Subscriber. For example, the Company

---

has or may issue Securities at nominal prices for developmental assets (which cannot be valued and so may be assigned a nominal value on the Company's books) or for services or to attract expertise or management talent or other circumstances considered advisable by the board of directors. Such issuance at different prices are made by the board in its judgement as to typical structuring for a company such as the Company, to incentivise, reward, and to provide a measure of developmental control, to acquire assets or services which the board considers necessary or advisable for the Company's development and success, and other such considerations in the board's judgement. The Subscriber acknowledges these matters, understands that the Subscriber's investment is not necessarily the most advantageous investment in the Company, and authorizes the Board now and hereafter to use its judgement to make such issuances whether such issuances are at a lesser, equal or greater price than that of the Subscriber and whether such is prior to, concurrent with, or subsequent to the Subscriber's investment. The Subscriber acknowledges that the Subscriber has

had disclosed to the Subscriber that the Company has issued securities at different prices and with different characteristics, the Subscriber has had the opportunity for full disclosure and questions in respect thereto, and the Subscriber accepts without equivocation the securities structure and pricing of the Company by subscription hereto.

4.

**Subscriber's Acknowledgments.** The Subscriber agrees and acknowledges that:

(a)

**Withdrawal or Revocation.** This Subscription Agreement is given for valuable consideration and shall not be withdrawn or revoked by the Subscriber once tendered with the Subscription Price except for Subscribers in British Columbia or Alberta subscribing by offering memorandum exemption who shall have a right to cancel the subscription by midnight on the second business day after the Subscriber has signed this agreement;

(b)

**Agreement to be Bound.** The Subscriber hereby specifically agrees to be bound by the terms of this Subscription Agreement as to all particulars hereof and hereby reaffirms the acknowledgments, representations, and powers set forth in this Subscription Agreement;

(c)

**Reliance on Subscriber's Representations.** The Subscriber understands that the Company will rely on the acknowledgments, representations, and covenants of the Subscriber herein in determining whether a sale of the Securities to the Subscriber is in compliance with applicable securities laws. The Subscriber warrants that all acknowledgments, representations and covenants are true and accurate;

(d)

**Waiver of Preemptive Rights.** The Subscriber hereby grants, conveys, and vests the President of the Company as the Subscriber's power of attorney solely for the purpose of waiving any prior or preemptive rights which the Subscriber may have to further issues of equity by the Company.

5.

**Subscriber's Representations, Warranties, and Understandings.** The Subscriber represents and warrants to the Company and states that:

(a)

**Principal.** The Subscriber is purchasing the Securities as principal for his own account and not for the benefit of any other person except as otherwise stated herein, and not with a view to the resale or distribution of all or any of the Securities;

(b)

**Decision to Purchase.** The decision of the Subscriber to enter into this agreement and to purchase Securities pursuant hereto has been based only on the representations of this agreement and any collateral business plan or offering memorandum provided herewith. It is not made on other information relating to the Company and not upon any oral representation as to fact or otherwise made by or on behalf of the Company or any other person. The Subscriber agrees that the Company assumes no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of any business plan information, which has been created based upon the Company's management experience. In particular, and without limiting the generality of the foregoing, the decision to subscribe for Securities has not been influenced by:

(i)

Newspaper, magazine or other media articles or reports related to the Company or its business; or

(ii)

Promotional literature or other materials used by the Company for sales or marketing purposes; or

(iii)

Any representations, oral or otherwise, that the Securities will be repurchased or have any guaranteed future realizable value, or that there is any certainty as to the success of the Company or liquidity or value of the Securities.

(c)

**Economic Risk.** The Subscriber has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of his investment in the Securities, or has sought and received independent

professional advice, and the Subscriber is able to bear the economic risk of a total loss of the Subscriber's investment in the Securities;

(d)

Speculative Investment. The Subscriber understands that an investment in the Securities is a speculative investment, that there is no guarantee of success of Management's plans and that any offering memorandum or business plan provided to the Subscriber is made based upon business experience to date and management's reasonable efforts at disclosure and is subject to error and subject to be proven wrong by future events and experience. Management's plans are an effort to apply present knowledge and experience to project a future course of action which is hoped will result in financial success employing the Company's assets and with the present level of management's skills and of those whom the Company will need to attract (which cannot be assured). Additionally, all plans are capable of being frustrated by new or unrecognized or unappreciated present or future circumstances which can typically not be accurately, or at all, predicted.

(e)

Status. If the Subscriber has stated that he is not a U.S. person, as defined under the United States *Securities Act of 1933*, as amended (the "*U.S. Act*"), then he declares unequivocally that he is not a US person and was not offered the Securities in the United States (as that term is defined in the U.S. Act), and did not execute or deliver this Agreement in the United States. If the Subscriber is a US person then such has been declared in this document by noting the Subscriber as having a US address below, completing the declarations at the commencement of this document (all of which are truly stated), and the Subscriber qualifies as an eligible investor (by virtue of having the requisite personal wealth and income and/or qualifying under other appropriate exemption) under the relevant securities laws;

(f)

Address. The Subscriber is resident as set out on the last page of this Agreement as the "Subscriber's Address" and the address set forth on the last page of this Agreement is the true and correct address of the Subscriber;

(g)

Risk and Resale Restriction. The Subscriber is aware of the risks and other characteristics of the Securities and of the fact that the Subscriber will not be able to resell the Securities except in accordance with the applicable securities legislation and regulatory policy;

(h)

Receipt of Information. The Subscriber acknowledges that, to his satisfaction:

Page 141 of 251

---

(i)

He has either had access to or has been furnished with sufficient information regarding the Company and the terms of this investment transaction to his satisfaction;

(ii)

He has been provided the opportunity to ask questions concerning this investment transaction and the terms and conditions thereof and all such questions have been answered to his satisfaction; and

(iii)

He has been given ready access to and an opportunity to review any information, oral or written, that he has requested, in particular to any offering memorandum or business plan of the Company, if available concurrent with or as a part of this subscription;

(i)

No Prospectus filing. The Subscriber acknowledges that this is an offering made on a private basis without a prospectus and that no federal, state, provincial or other agency has made any finding or determination as to the merits of the investment nor made any recommendation or endorsement of the Securities, and that:

(i)

The Subscriber may be or is restricted from using most of the civil remedies available under the applicable securities act; and

(ii)

The Company is relieved from certain obligations that would otherwise apply under the applicable securities act;

(j)

Confidentiality. The Subscriber understands that the Company's business plan and this Agreement are confidential. The Subscriber will not and has not distributed such, or divulged the contents thereof, to anyone other than such legal or financial advisors as the Subscriber has deemed desirable for purposes of evaluating an investment in the Securities and the Subscriber has not made any copies thereof except for his own records;

(k)

Age of Majority. The Subscriber, if an individual, has attained the age of majority and is legally competent to execute this Agreement and to take all actions required pursuant hereto;

(l)

Authorization and Formation of Subscriber. The Subscriber, if a corporation, partnership, trust or other form of business entity, is authorized and otherwise duly qualified to purchase and hold the Securities and such entity has not been formed for the specific purpose of acquiring Securities in the Offering. If the Subscriber is one of the aforementioned entities, it hereby agrees that upon

request of the Company it will supply the Company with any additional written information that may be requested by the Company;

(m)



Legal Obligation. This Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

(n)

Compliance With Applicable Laws. The Subscriber knows of no reason (and is sufficiently knowledgeable to determine the same or has sought legal advice) why the delivery of this Agreement, the acceptance of it by the Company and the issuance of the Securities to the Subscriber will not comply with all applicable laws of the Subscriber's jurisdiction of residence or domicile, and all other laws applicable to the Subscriber, and the Subscriber has no reason to believe that the Subscriber's subscription hereby will cause the Company to become subject to or required to comply with any disclosure, prospectus or reporting requirements or to be subject to any civil or regulatory review or proceeding. The Subscriber will comply with all applicable securities laws and will assist the Company in all reasonable manners to comply with all applicable securities laws; and

(o)

Encumbrance or Transfer of Securities. The Subscriber will not sell, assign, gift, pledge or encumber in any manner whatsoever the Securities herein subscribed without the prior written consent of the Company and in accordance with applicable securities laws.

The Subscriber agrees that the above representations and warranties of the Subscriber will be true and correct as of the execution of and acceptance of this Agreement and will survive the completion of the issuance of the Securities. The Subscriber understands that the Company will rely on the representations and warranties of the Subscriber herein in determining whether a sale of the Securities to the Subscriber is in compliance with law and the Subscriber warrants to indemnify and hold harmless the Company from all damages or claims resulting from any misrepresentation by the Subscriber.

6.

Material Changes. The Subscriber undertakes to notify the Company immediately should there be any material change in the foregoing warranties and representations and provide the Company with the revised or corrected information. The Subscriber hereby agrees to indemnify and hold the Company and its affiliates harmless from and against any and all matters incurred on account of or arising out of:

(a)

Any inaccuracy in the Subscriber's acknowledgments, representations or warranties set forth in this Agreement;

(b)

The Subscriber's disposition of any of the Securities contrary to the Subscriber's acknowledgments, representations or warranties in this Agreement;

(c)

Any suit or proceeding based upon a claim that said acknowledgments, representations or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company or its affiliates or the disposition of all or any part of the Subscriber's Securities; and

(d)

The Subscriber's failure to fulfill any or all of the Subscriber's obligations herein.

7.

**Address for Delivery.** Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by delivery (electronic or otherwise) or prepaid registered mail addressed to the Subscriber or the Company at the addresses specified in this Agreement. The date of receipt of such notice, demand or other communication shall be the date of delivery thereof if delivered, or, if given by registered mail as aforesaid, shall be deemed conclusively to be the fifth day after the same shall have been so mailed, except in the case of interruption of postal services for any reason whatsoever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee.

8.

**Change of Address.** Either party may at any time and from time to time notify the other party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

9.

**Severability and Construction.** Each section, sub-section, paragraph, sub-paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable, and if, for any reason, any portion of this Agreement is determined to be invalid, contrary to or in conflict with any applicable present or future law, rule or

regulation, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible (all of which shall remain binding on the parties and continue to be given full force and agreement as of the date upon which the ruling becomes final). The word "he" in this Agreement shall also mean she or it relative to the identity of the Subscriber.

10.

**Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of British Columbia

Page 145 of 251

---

and the laws of Canada applicable therein. Any dispute regarding matters as between the Subscriber and the Company, whether as a subscriber or shareholder and whether arising under this Agreement or pursuant to shareholder rights pursuant to the constating documents of the Company or applicable law, shall be adjudicated exclusively in British Columbia unless the Company shall permit otherwise.

11.

**Survival of Representations and Warranties.** The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

12.

**Counterparts.** This Agreement may be signed by the parties hereto in as many counterparts as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution will be deemed to bear the execution date as set forth in this Agreement. This Agreement may be executed and exchanged by facsimile and such facsimile copies shall be valid and enforceable agreements.

13.

**Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings. There are no collateral agreements or understandings hereto and this Agreement, and the documents contemplated herein, constitutes the totality of the parties' agreement. This Agreement may be amended or modified in any respect by written instrument only.

14.

**Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Subscriber, the Company and their respective successors and lawfully permitted assigns; provided that, except as herein provided, this Agreement shall not be assignable by any party without the written consent of the other. The benefit and obligations of this Agreement, insofar as they extend to or affect the Subscriber, shall pass with any assignment or transfer of the Securities in accordance with the terms of this Agreement.

SIGNATURE PAGE TO A PRIVATE ISSUE SUBSCRIPTION AGREEMENT OF STOCKGROUP INFORMATION SYSTEMS INC.

DATED this \_\_\_\_\_  
day of \_\_\_\_\_  
, 2002.

\_\_\_\_\_  
\_\_\_\_\_  
**(Name of Subscriber - please print)**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

(Official Capacity or Title if a company) \_\_\_\_\_

**(Subscriber's Address above)**

\_\_\_\_\_

**Signature of Subscriber** or Official

(Telephone Number)

\_\_\_\_\_

\_\_\_\_\_

(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above).

(Facsimile Number)

\_\_\_\_\_

(e-mail address)

**ACCEPTANCE**

**Stockgroup Information Systems Inc.** hereby accepts the above subscription as of this \_\_\_\_ day of \_\_\_\_\_, 2002.

**Stockgroup Information Systems Inc.**

)

by its authorized signatory:

)

)

\_\_\_\_\_ )

Authorized Signatory

)

EXHIBIT 4.17 FORM OF WARRANT DECEMBER 31, 2002

**SHARE PURCHASE WARRANT CERTIFICATE**

**(NON-TRANSFERABLE)**

No. [Seq.]

WARRANTS FOR UP TO [NUMBER] COMMON SHARES

**STOCKGROUP INFORMATION SYSTEMS INC.**

(Incorporated under the laws of the State of Colorado)

**WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS WARRANT CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL MAY 1, 2003. UNLESS OTHERWISE PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE MAY 1, 2003.**

**THE WARANTS REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*") OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON UNLESS REGISTERED UNDER THE U.S. SECURITIES ACT OR PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT.**

**IN ADDITION, THE SECURITIES ACQUIRED UPON EXERCISE OF SUCH WARRANTS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND TRANSFER OF SUCH IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATIONS PROMULGATED UNDER THE U.S. SECURITIES ACT, PURSUANT TO REGISTRATION UNDER THE U.S. SECURITIES ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION. IN ADDITION, HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.**

**THE WARRANTS REPRESENTED HEREBY ARE NON-TRANSFERABLE AND WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 4:30 P.M. (PACIFIC STANDARD TIME) ON DECEMBER 31, 2003.**

Page 149 of 251

---

**THIS IS TO CERTIFY THAT**, for value received, [full name of holder] (the "*Holder*"), of [full address], is entitled to purchase up to a total of [number] fully paid and non-assessable common shares of no par value (each a "*Share*") of **STOCKGROUP INFORMATION SYSTEMS INC.** (the "*Company*") at a purchase price of U.S. \$0.22 per Share if subscribed for at any time prior to 4:30 p.m. (Pacific Standard Time), on **DECEMBER 31, 2003** (the "*Time of Expiry*").

1.

The aforesaid right to purchase Shares may be exercised by the Holder at any time and from time to time prior to the Time of Expiry by (i) duly completing in the manner indicated and executing the subscription form attached hereto, (ii) surrendering this Warrant to the Company at its principal office in Vancouver, British Columbia, and (iii) paying the appropriate purchase price for the Shares subscribed for either in cash or by certified cheque or money order payable at par to the order of the Company. Upon said surrender and payment, the Company will issue to the Holder of the subscription form the number of Shares subscribed for and said Holder will become a shareholder or shareholders of the Company in respect of the Shares as of the date of such surrender and payment. Subject to the terms and conditions of this Warrant, the Company will, as soon as practicable after said surrender and payment, mail to the person or persons at the address or addresses specified in the subscription form a certificate or certificates evidencing the Shares subscribed for. If the Holder of this Warrant subscribes for a lesser number of Shares than the number of Shares referred to in this Warrant, the Holder shall be entitled to receive a further Warrant, without charge, in respect of Shares not subscribed for.

2.

The Holder of this Warrant may surrender this Warrant to the Company at its principal office in Vancouver, British Columbia, in exchange for new certificates representing this Warrant entitling the bearer to purchase in the aggregate the same number of Shares referred to in this Warrant.

3.

The Holder hereof and the Company, by acceptance and issuance of this Warrant, agree that this Warrant and all rights hereunder may not be transferred or assigned.

4.

Nothing contained herein shall confer any right upon the Holder hereof or any other person to subscribe for or purchase any Shares at any time subsequent to the Time of Expiry, and from and after such time this Warrant and all rights hereunder shall be void and of no value.

5.

This Warrant shall not constitute the Holder a member of the Company.

6.

This Warrant is also subject to the terms and conditions which are attached to this Warrant as Schedule "A".

Page 150 of 251

---

7.

Time shall be of the essence hereof.

**IN WITNESS WHEREOF STOCKGROUP INFORMATION SYSTEMS INC.** has caused its common seal to be affixed and this Warrant to be signed by its authorized representative effective this 31<sup>st</sup> day of December, 2002.

Signed by:



STOCKGROUP INFORMATION SYSTEMS INC.

(c/s)

Per: \_\_\_\_\_  
Authorized Signatory

Page 151 of 251

---

**FORM OF SUBSCRIPTION**

To:

**STOCKGROUP INFORMATION SYSTEMS INC.**

The undersigned holder of the attached Warrant hereby subscribes for \_\_\_\_\_ Shares of **STOCKGROUP INFORMATION SYSTEMS INC.** (the "*Company*") pursuant to the attached Warrant at a purchase price of **U.S. \$0.22** per Share if subscribed for on or before 4:30 p.m. (Pacific Standard Time) on **December 31, 2003**, (or such number of other Shares or securities to which such subscription entitles it in lieu thereof or in addition thereto under the terms and conditions mentioned in the within Warrant) on the terms specified in the said Warrant. This subscription is accompanied by cash or a certified cheque or money order payable to or to the order of the Company for the whole amount of the purchase price of the said Shares.

The undersigned hereby directs that the said Shares be registered as follows:

Edgar Filing: - Form

Name in Full

Address

Number of Shares

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Total:

\_\_\_\_\_

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_

Signature of Witness

Signature of Warrant Holder

(Authorized Signatory if not an individual)

\_\_\_\_\_

Name and address of Witness

If Warrant Holder is not an individual, name

and title of Authorized Signatory

Please print below your name and address in full:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**SCHEDULE "A"**

**TERMS AND CONDITIONS**

**Of**

**WARRANTS**

These are the Terms and Conditions which are attached to the Warrants issued by **Stockgroup Information Systems Inc.**

**ARTICLE ONE - INTERPRETATION**

Section 1.01 - Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent:

(a)

"*Company*" means Stockgroup Information Systems Inc. or any successor company referred to in Article 7;

(b)

"*Company's Auditors*" means an independent firm of accountants duly appointed as auditors of the Company;

(c)

"*Current Market Price*" of the shares at any date means the closing price for such shares for the trading day immediately prior to such date on the TSX Venture Exchange (or if there is not a closing price on such date, the average of the bid and ask prices) or, if on such date the shares are not listed on the TSX Venture Exchange, on such stock exchange or over-the-counter market upon which the shares are listed or quoted;

(d)

"*Director*" means a director of the Company for the time being, and reference, without more, to action by the directors of the Company shall mean action taken by the directors of the Company as a board, or whenever duly empowered, action by an executive committee of the board;

(e)

Edgar Filing: - Form

"*herein*", "*hereby*" and similar expressions refer to these Terms and Conditions as the same may be amended or modified from time to time; and the expressions "*Article*" or "*Section*" followed by a number refer to the specified Article or Section of these Terms and Conditions;

(f)

"*Issuance Date*" means that date on which the Company issued the attached Warrants;

(g)

"*person*" means an individual, company, partnership, trustee or any unincorporated organization, and any words importing persons have a similar meaning;

(h)

"*shares*" means the no par value common shares in the capital of the Company as constituted at the Issuance Date and any shares resulting from any subdivision or consolidation of the shares;

(i)

"*Time of Expiry*" means 4:30 p.m. (Pacific Standard Time) on December 31, 2003;

(j)

"*Warrants*" means the Warrants of the Company issued and presently authorized, as set out in Section 2.01 and for the time being outstanding, and any other warrants made subject to these Terms and Conditions;

(k)

"*Warrant Holders*" or " *Holders*" means the bearers of the Warrants for the time being; and

(l)

"*Warrant Holders' Request*" means an instrument signed in one or more counterparts by Warrant Holders entitled to purchase in the aggregate not less than 25% of the aggregate number of shares which could be purchased pursuant to all the Warrants outstanding for the time being, requesting the Company to take some action or proceeding.

Section 1.02 - Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

Section 1.03 - Interpretation Not Affected by Headings

The division of these Terms and Conditions into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect their construction of interpretation.

Page 155 of 251

---

Section 1.04 - Currency

Except as otherwise stated, all dollar amounts herein are expressed in United States dollars.

Page 156 of 251

---

Section 1.05 - Applicable Law

The Warrants will be construed in accordance with the laws of British Columbia and will be treated in all respects as British Columbia contracts.

## **ARTICLE TWO - ISSUE OF WARRANTS**

### Section 2.01 - Issue of Warrants

Warrants entitling the Holders thereof to purchase an aggregate of up to 25,000 shares are authorized to be issued by the Company on the basis of an issue of 25,000 Warrants where one Warrant is required to purchase one share of the Company.

### Section 2.02 - Additional Warrants

Nothing contained herein shall preclude the Company from time to time to make further equity or debt offerings and sell additional shares, warrants or grant options or similar rights to purchase shares of its capital stock.

### Section 2.03 - Issue in Substitution for Lost Warrants

(a)

Subject to Section 2.03(b), if a Warrant is mutilated, lost, destroyed or stolen, the Company shall issue and deliver a new Warrant of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated Warrant, or in lieu of, and in substitution for such lost, destroyed or stolen Warrant, and the substituted Warrant will be entitled to the benefit of these Terms and Conditions and rank equally in accordance with its terms with all other Warrants issued or to be issued by the Company.



(b)

The applicant for the issue of a new Warrant will bear the cost of its issue and in case of loss, destruction or theft, furnish to the Company such evidence of ownership and of loss, destruction or theft of the Warrant so lost, destroyed or stolen, as will be satisfactory to the Company in its discretion, and such applicant may also be required to furnish indemnity in amount and form satisfactory to the Company in its discretion, and will pay the reasonable charges of the Company in connection with such issuance of a new Warrant.

Page 157 of 251

---

Section 2.04 - Warrant Holder Not a Shareholder

The holding of a Warrant will not constitute the Holder a member of the Company, nor entitle him to any right or interest except as expressly provided in the Warrant and herein.

**ARTICLE THREE - OWNERSHIP AND TRANSFER**

Section 3.01 - Exchange of Warrants

(a)

Warrants in any authorized denomination may, upon compliance with the reasonable requirements of the Company, be exchanged for Warrants in any other authorized denomination, of the same class and date of expiry, entitling the Holder to purchase an equal aggregate number of shares at the same subscription price and on the same terms as the Warrants so exchanged.

(b)

Warrants may be exchanged only at the office of the Company and any Warrants tendered for exchange will be surrendered to the Company and cancelled.

(c)

On exchange of Warrants, the Company, except as otherwise herein provided, may charge a sum not exceeding \$10.00 for each new Warrant issued, and payment of such charges and of any transfer taxes or governmental or other charges required to be paid will be made by the party requesting such exchange.

Section 3.02 - Ownership of Warrants

(a)

The Company may deem and treat the registered holder of any Warrant as the absolute owner of such Warrant, for all purposes, and will not be affected by any notice or knowledge to the contrary.

(b)

The registered holder of any Warrant will be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate Holder and all persons may act accordingly, and the receipt of any such bearer for the shares will be a good discharge to the Company for the same and the Company will be bound to enquire into the title of any such bearer.

Section 3.03 - Transfer of Warrants

The Warrants are non-transferable.

**ARTICLE FOUR - EXERCISE OF WARRANTS**

Section 4.01 - Method of Exercise of Warrants

The right to purchase shares conferred by the Warrants may be exercised, before the Time of Expiry, by the Holder of such Warrant surrendering it, with a duly completed and executed subscription in the form attached thereto and cash or a certified cheque or money order payable to or to the order of the Company, in Vancouver, British Columbia, for the purchase price applicable at the time of surrender in respect of the shares subscribed for in lawful money of the United States, to the Company at its principal office in the City of Vancouver.

Section 4.02 - Effect of Exercise of Warrants

As soon as practicable after surrender and payment, and subject to the terms and conditions set forth herein, the Company will cause to be delivered to the person or persons in whose name or names the shares subscribed for are to be issued as specified in such subscription or mailed to him or them at his or their respective addresses specified in such subscription, a certificate or certificates for the appropriate number of shares not exceeding those which the Warrant Holder is entitled to purchase pursuant to the Warrant surrendered. Upon issuance, such person or persons shall be deemed to have become the holder or holders of record of such shares on the date of surrender and payment.

Section 4.03 - Subscription for Less than Entitlement

The Holder of any Warrant may subscribe for and purchase a number of shares less than the number which he is entitled to purchase pursuant to the surrendered Warrant. In the event of any purchase of a number of shares less than the number which can be purchased pursuant to a Warrant, the Company will issue, without charge, a new Warrant in respect of the balance of the shares which the Holder was entitled to purchase pursuant to the surrendered Warrant and which were not then purchased.

Section 4.04 - Warrants for Fractions of Shares

No fractional shares shall be issued upon exercise of the Warrants. If any fractional interest in a share would, except for the provisions of the first sentence of this Section 4.04, be deliverable upon the exercise of a Warrant, the number of shares to be issued to the Warrant Holder upon exercise of the Warrant shall be rounded up to the next whole number.

Section 4.05 - Expiration of Warrants

After the Time of Expiry all rights attaching to the Warrants will wholly cease and terminate and the Warrants will be void and of no effect.

Section 4.06 - Exercise Price

The price per share which must be paid to exercise a Warrant (the "*Exercise Price*") is as set forth on the face of the Warrant certificate, subject to adjustment as provided for herein.

Section 4.07 - Adjustment of Number of Shares

(1)

The number of shares deliverable upon the exercise of the Warrants will be subject to adjustment from time to time as follows:

(a)

if and whenever, at any time from the Issuance Date until the Time of Expiry, the Company shall:

(i)

subdivide, redivide or change its outstanding shares into a greater number of shares;

(ii)

reduce, combine or consolidate its outstanding shares into a smaller number of shares; or

(iii)

issue shares to all or substantially all of the holders of shares by way of a stock distribution (other than the issue of shares to holders of shares as dividends by way of stock dividend in lieu of a cash dividend paid in the ordinary course or pursuant to any dividend reinvestment plan of the Company in force from time to time);

the number of shares obtainable under each Warrant shall be adjusted immediately after the effective date of such subdivision, redivision, change, reduction, combination, consolidation or stock dividend by multiplying the number of shares theretofore obtainable on the exercise of the Warrants by a fraction of which the numerator shall be the

total number of shares outstanding immediately after such date and the denominator shall be the total number of shares outstanding immediately prior to such date. Such adjustment shall be made successively whenever any event referred to in this subsection shall occur;

(b)

if and whenever, at any time from the Issuance Date and prior to the Time of Expiry, there is a reclassification of the shares or a capital reorganization of the Company other than as described in subsection 4.07(1)(a) or a consolidation, amalgamation, merger, arrangement or other form of business combination of the Company with or into any other body corporate, trust, partnership or other entity, or a sale, lease, exchange or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Warrant Holder who has not exercised its right of acquisition, as at the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of shares such Warrant Holder would otherwise be entitled to acquire, the number of shares or other securities or property of the Company or of the

body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Warrant Holder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, if, on the record date or the effective date thereof, as the case may be, the Warrant Holder had been the registered holder of the number of shares to which such Warrant Holder was theretofore entitled upon such exercise;

(c)

if and whenever, at any time from the Issuance Date until the Time of Expiry, the Company shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of shares entitling the holders thereof, within a period expiring not more than 45 days after the date of issue thereof, to subscribe for or purchase shares (or securities convertible into or exchangeable for shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on the earlier of such record date and the date on which the Company announces its intention to make such issuance, then, in each such case, the number of shares obtainable under a Warrant will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the number of shares

theretofore obtainable on the exercise of a Warrant in effect on such record date by a fraction, of which the denominator shall be the total number of shares outstanding on such record date plus a number of shares equal to the number arrived at by dividing the aggregate price of the total number of additional shares so offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price, and of which the numerator shall be the total number of shares outstanding on such record date plus the total number of additional shares so offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable). To the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the number of shares obtainable upon exercise of the Warrants will then be readjusted to the number of shares obtainable upon exercise of the Warrants which would then be in effect if such record date had not been fixed or to the number of shares obtainable upon exercise of the Warrants which would then be in effect based upon the number of shares (or securities convertible into or exchangeable for shares) actually issued upon the exercise of such rights, options or warrants, as the case may be;

(d)

if and whenever, at any time from the Issuance Date until the Time of Expiry, the Company shall fix a record date for the making of a distribution to all or substantially all of the holders of shares of:

(i)

shares of any class other than common shares whether of the Company or any other corporation (other than shares distributed to holders of shares as dividends paid in the ordinary course as stock dividends);

(ii)

rights, options or warrants (other than rights, options or warrants exercisable by the holders thereof within a period expiring not more than 45 days after the date of issue thereof);

(iii)

evidences of indebtedness; or

(iv)

cash, securities or other property or assets (other than cash dividends paid in the ordinary course);

then, in each such case, the number of shares obtainable on the exercise of a Warrant will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the number of shares theretofore

obtainable on the exercise of the Warrants in effect on such record date by a fraction, of which the denominator shall be the total number of shares outstanding on such record date multiplied by the Current Market Price on the earlier of such record date and the date on which the Company announces its intention to make such distribution, less the aggregate fair market value (as determined by the directors at the time such distribution is authorized) of such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets so distributed, and of which the numerator shall be the total number of shares outstanding on such record date multiplied by such Current Market Price. To the extent that such distribution is not so made or to the extent that any such rights, options or warrants so distributed are not exercised prior to the expiration thereof, the number of shares obtainable upon the exercise of a Warrant will then be readjusted to the number of shares obtainable upon the exercise of a Warrant which would then be in effect if such record date had not been fixed or to the number of shares obtainable upon the exercise of a Warrant which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets actually distributed or based upon the number or amount of securities or the property or assets actually issued or distributed upon the exercise of such rights, options or warrants, as the case may be; and

(e)

the adjustments provided for in this Article 4 in the subscription rights pursuant to any Warrants are cumulative.

(2)

Any adjustment to the number of shares or other classes of shares in the capital of the Company or securities or property which a Warrant Holder is entitled to receive upon the exercise of the Warrants (the "*Exchange Basis*") shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction the numerator of which shall be the Exchange Basis prior to the adjustment and the denominator of which shall be the Exchange Basis after the adjustment.

Section 4.08 - Determination of Adjustments

If any questions arise with respect to the adjustments provided for in this Article 4, such question will be conclusively determined by the Company's Auditors, or, if they decline to act any other firm of nationally recognized Chartered Accountants, in Vancouver, British Columbia, that the Company may designate and who will have access to all appropriate records, and such determination will be binding upon the Company and the Holders of the Warrants.

Section 4.09 - Postponement of Subscription

In any case in which this Article 4 shall require that an adjustment shall be effective immediately after a record date for an event referred to herein, the Company may defer, until the occurrence of such an event:

(a)

Issuing to the Holder of any Warrant exercised after such record date and before the occurrence of such event, the additional shares issuable upon such exercise by reason of the adjustment required by such event, and



(b)

Delivering to such Holder any distributions declared with respect to such additional shares after such Exercise Date and before such event;

provided, however, that the Company shall deliver to such Holder an appropriate instrument evidencing such Holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of shares purchasable on the exercise of any Warrant to such distributions declared with respect to any additional shares issuable on the exercise of any Warrant.

Section 4.10 - Notice of Adjustment

(a)

At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exercise Price and the number of shares which are purchasable upon the exercise thereof, or such longer period of notice as the Company shall be required to provide holders of shares in respect of any such event, the Company shall give notice to the Warrant Holders by way of a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the computation of such adjustment.

(b)

In case any adjustment for which a notice in subsection

4.10(a) of this Section 4.10 has been given is not then determinable the Company shall promptly after such adjustment is determinable, give notice to the Warrant Holders of the adjustment and the computation of such adjustment.

Section 4.11 - Securities Restrictions: Legends

Notwithstanding any provision to the contrary contained in this Share Purchase Warrant Certificate, no Shares will be issued pursuant to the exercise of any Warrant if the issuance of such securities would constitute a violation of the securities laws of any applicable jurisdiction, and the certificates representing the Shares thereby issued will bear such legends as may, in the opinion of counsel to the Company, acting reasonably, be necessary in order to avoid a violation of any securities laws of any applicable jurisdiction or to comply with the requirements of any stock exchange on which the Shares are listed, provided that if, at any time, in the opinion of counsel to the Company, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at his or her expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of counsel of recognized standing satisfactory to the Company to the effect that such holder is entitled to sell or otherwise transfer such securities in a transaction in which such legends are not required), such legended certificates may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legends.

#### **ARTICLE FIVE - COVENANTS BY THE COMPANY**

##### Section 5.01 - General Covenants

The Company covenants to the Holders that so long as any Warrants remain outstanding:

(a)

it will allot, reserve and keep available a sufficient number of shares for the purpose of enabling it to satisfy its obligations to issue common shares upon the exercise of the Warrants;

(b)

it will cause the shares and the certificates representing the shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the certificates representing the Warrants and the respective terms hereof;

(c)

all shares which shall be issued upon exercise of the right to acquire provided for herein and in the certificates representing the Warrants shall be fully paid and non-assessable;

(d)

it will maintain its corporate existence, carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, keep or cause to be kept proper books of account in accordance with applicable law;

(e)

it will ensure that all shares outstanding or issuable from time to time (including without limitation the shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the TSX Venture Exchange and/or the NASD Over-the-Counter Bulletin Board; and

(f)

it will maintain its status as a reporting issuer in British Columbia (and such other provinces in which the Company may become a reporting issuer).

## **ARTICLE SIX - MEETING OF WARRANT HOLDERS**

### Section 6.01 - Right to Convene Meeting

(a)

The Company may at any time and from time to time, and will on receipt of a Warrant Holder's Request convene a meeting of the Warrant Holders.

(b)

If the Company fails within 15 days after receipt of such Warrant Holder's request and indemnity to give notice convening a meeting, such Warrant Holders may convene such meeting.

(c)

Every such meeting will be held in the City of Vancouver, Province of British Columbia, unless required by law to be held elsewhere.

Section 6.02 - Notice

At least 30 days' notice of any meeting will be given by the Company to the Warrant Holders. Such notice will state the time when and the place where the meeting is to be held and will state briefly the general nature of the business to be transacted, but it will not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article.

Section 6.03 - Chairman

Some person nominated in writing by the Company will be Chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Warrant Holders present in person or by proxy will choose some person present to be Chairman.

Section 6.04 - Quorum

Subject to the provisions of Section 6.12, at any meeting of the Warrant Holders a quorum will consist of Warrant Holders present in person or by proxy and entitled to purchase at least 25% of the aggregate number of shares which could be purchased pursuant to all the then outstanding Warrants of the class, provided that at least two persons entitled to vote are personally present. If a quorum of the Warrant Holders is not present within half-an-hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrant Holders, or on a Warrant Holder's request, will be dissolved; but in any other case the meeting will be adjourned to the same day in the next week (unless such day is a non-business day, in which case it will be adjourned to the next following business day) at the same time and place. At the adjourned meeting the Warrant Holders present in person or by proxy will form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not be entitled to purchase at least 25% of the aggregate number of shares which can be purchased pursuant to all of the then outstanding Warrants.

Section 6.05 - Power to Adjourn

The Chairman of any meeting at which a quorum of the Warrant Holders is present may with the consent of the meeting adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 6.06 - Show of Hands

Every question submitted to a meeting will be decided in the first place by a majority of the votes given on a show of hands. At any such meeting, unless a poll is demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority will be conclusive evidence of the fact.

Section 6.07 - Poll

On any question submitted to a meeting and after a vote by show of hands, when demanded by the Chairman or by one or more of the Warrant Holders acting in person or by proxy and entitled to purchase in the aggregate at least 5% of the aggregate number of shares which could be purchased pursuant to all the Warrants for the time being outstanding, a poll will be taken in such manner as the Chairman will direct. Questions other than extraordinary resolutions will be decided by a majority of the votes cast on the poll.

Section 6.08 - Voting

On a show of hands every person who is present and entitled to vote, whether as a Warrant Holder or as proxy for one or more absent Warrant Holders or both, will have one vote. On a poll each Warrant Holder present in person or represented by proxy duly appointed by instrument in writing will be entitled to one vote in respect of each share which he is entitled to purchase pursuant to the Warrant or Warrants then held by him. A proxy need not be a Warrant Holder.

Section 6.09 - Regulations

The Company may from time to time make or vary such regulations as it will think fit:

(a)

for the issue of voting certificates by any bank, trust company or other depository, certifying that specified Warrants have been deposited with it by a named Holder and will remain on deposit until after the meeting, which voting certificate will entitle the Holders to be present and vote at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the holders so named in such voting certificates were the actual bearers of the Warrants specified therein;

(b)

for the deposit of voting certificates or instruments appointing proxies at such place and time as the Company or the Warrant Holders convening the meeting, as the case may be, may in the notice convening the meeting direct;

(c)

for the deposit of voting certificates or instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held, and enabling particulars of such voting certificates or instruments appointing proxies to be mailed, cabled or telegraphed before the meeting to the Company at the place where the same is to be held, and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and

Page 171 of 251

---

(d)

for the form of the instrument of proxy.

Page 172 of 251

---

Any regulations so made will be binding and effective and the votes given in accordance therewith will be valid and will be counted. Save as such regulations may provide, the only persons who will be recognized at any meeting as the Holder of any Warrants, or as entitled to vote or be present at the meeting in respect thereof, will be the registered holders of such Warrants.

Section 6.10 - Company May Be Represented

The Company, by its officers and Directors and the legal advisors of the Company, may attend any meeting of the Warrant Holders, but will have no vote as such.

Section 6.11 - Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions hereof or by law, the Warrant Holders at a meeting will have the following powers, exercisable from time to time by extraordinary resolution:

(a)

to enforce any of the covenants on the part of the Company contained in the Warrants, or to enforce any of the rights of the Warrant Holders in any manner specified in such extraordinary resolution, or to refrain from enforcing any such covenant or right;

(b)

to waive any default on the part of the Company in complying with any provision hereof either conditionally or upon any conditions specified in such extraordinary resolution; and

(c)

to consent to any amendment of the provisions of these Terms and Conditions.

Section 6.12 - Meaning of "Extraordinary Resolution"

(a)

The Expression "*extraordinary resolution*" when used herein means, subject as hereinafter in this Section and in Section 6.15 provided, a resolution proposed at a meeting of Warrant Holders duly convened for that purpose, and held in accordance with the provisions in this Article contained at which there are present, in person or by proxy, Warrant Holders entitled to purchase at least 25% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants, and passed by the affirmative

votes of Warrant Holders entitled to purchase not less than 66 2/3% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants represented at the meeting and voted upon such resolution.



(b)

If, at any such meeting called for the purpose of passing an extraordinary resolution, Warrant Holders entitled to purchase 25% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants are not present in person or by proxy within half-an-hour after the time appointed for the meeting, then the meeting, if convened by Warrant Holders or on a Warrant Holder's Request, will be dissolved, but in any other case it will stand adjourned and the provisions of Section 6.04 will *mutatis mutandis* apply.

#### Section 6.13 - Powers Cumulative

Any one or more of the powers or any combination of the powers to be exercisable by the Warrant Holders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time will not be deemed to exhaust the right of the Warrant Holders to exercise such power or powers or combination of powers then or any power or powers or combination of powers thereafter from time to time.

#### Section 6.14 - Minutes

Minutes of all resolutions and proceedings at every such meeting will be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, or by the Chairman of the next succeeding meeting of the Warrant Holders, will be *prima facie* evidence of the matters stated and until the contrary is proved, every such meeting, in respect of the proceedings of which minutes will have been made, will be deemed to have been duly convened and held, and all resolutions passed or proceedings taken, to have been duly passed and taken.

#### Section 6.15 - Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article at a meeting of Warrant Holders will be binding upon all Warrant Holders.

Section 6.16 - Status of Warrant Holders

The Holders of Warrants of a particular class will not be entitled as such to attend or vote at a meeting of the Holders of Warrants of another class, and any action taken at a meeting of the Holders of Warrants of a particular class will in no way affect the rights of the Holders of the Warrants of another class.

Section 6.17 - Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Warrant Holders at a meeting held as provided in this Article may also be taken and exercised by Warrant Holders holding at least two-thirds of the aggregate number of Warrants then outstanding by an instrument in writing signed in one or more counterparts by such Warrant Holders in person or by attorney duly appointed in writing, and the expression "*extraordinary resolution*" when used in these Terms and Conditions shall include an instrument so signed.

Section 6.18 - Binding Effect of Resolutions

Except as otherwise provided herein, every resolution and every extraordinary resolution passed in accordance with the provisions of this Article at a meeting of Warrant Holders shall be binding upon all the Warrant Holders, whether present at or absent from such meeting, and every instrument in writing signed by Warrant Holders in accordance with Section 6.17 shall be binding upon all the Warrant Holders, whether signatories thereto or not, and each and every Warrant Holder shall be bound to give effect accordingly to every such resolution and instrument in writing.

Section 7.01 - Modification of Terms for Certain Purposes

From time to time the Company may, and it will, when so directed by these presents, modify these Terms and Conditions, for any one or more or all of the following purposes:

(a)

giving effect to any extraordinary resolution passed as provided in Article 6;

(b)

adding to or altering these provisions in respect of the registration and transfer of Warrants making provision for the exchange of Warrants of different denominations, and making any modification in the form of the Warrants which does not affect their substance;

Page 176 of 251

---

(c)

for any other purpose not inconsistent with the terms hereof, including the correction or rectification of any ambiguous, defective provisions, errors or omissions herein if the Company has received an opinion of its legal counsel that the rights of the Warrant Holders will not be prejudiced thereby; and

(d)

to evidence any succession of any Company and the assumption by any successor of the covenants of the Company and in the Warrants contained as provided in this Article.

Section 7.02 - No Extension of Expiry Date

Notwithstanding Section 7.01, no modification will be made to the Time of Expiry without the prior consent of each of the TSX Venture Exchange and the British Columbia Securities Commission.

Section 7.03 - Company May Consolidate, etc. on Certain Terms

Nothing will prevent any consolidation, amalgamation or merger of the Company with or into any other company or companies, but the company formed by such consolidation or into which such merger will have been made will be a company organized and existing under the laws of Canada or of the United States of America, or any Province, State, District or Territory thereof, and will, simultaneously with such consolidation, amalgamation or merger assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.

Section 7.04 - Successor Company Substituted

In case the Company is consolidated, amalgamated or merged with or into any other company or companies, the successor company formed by such consolidation or amalgamation, or into which the Company will have been merged, will succeed to and be substituted for the Company hereunder. Such changes in phraseology and form (but not in substance) may be made in the Warrants as may be appropriate in view of such consolidation, amalgamation or merger.

Section 7.05 - Notice to the Company

(a)

Unless herein otherwise expressly provided, any notice to be given hereunder to the Company shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid or telecopied:

To the Company:

Stockgroup Information Systems Inc.

#500 - 750 W. Pender Street

Vancouver, British Columbia V6C 2T7

Fax: (604) 331-1194

Attention: Mr. Marcus New

With a copy to:

Devlin Jensen

Suite 2550, 555 West Hastings Street

Vancouver, BC V6B 4N5

Fax: (604) 684-0916

Attention: Mr. Peter Jensen

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if mailed, on the fifth business day following the date of the postmark on such notice or, if telecopied, on the next business day following the date of transmission provided that its contents are transmitted and received completely and accurately.

(b)

The Company may from time to time notify the Warrant Holders of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company for all purposes of these Warrant terms.

Section 7.06 - Notice to Warrant Holders

(a)

Any notice to the Warrant Holders under the provisions of these Terms and Conditions shall be valid and effective if delivered or sent by telecopy or by ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively given on the date of delivery or, if mailed, on the fifth business day following the date of the posting of such notice or, if telecopied, on the next business day following the date of transmission provided that its contents are transmitted and received completely and accurately.

(b)

If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Holders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered personally to such Warrant Holders or if delivered to the address for such Warrant Holders contained

Page 178 of 251

---

in the register of Warrants maintained by the Company, by cable, telegram, telex or other means of prepaid transmitted and recorded communication.

Page 179 of 251

---

EXHIBIT 4.18 SHORT FORM OFFERING

**FORM 4H**

**SHORT FORM OFFERING DOCUMENT**

**DATED: April 30, 2003**

**STOCKGROUP INFORMATION SYSTEMS INC.**

(the "Issuer" or the "Company")

|                         |                                       |
|-------------------------|---------------------------------------|
| <b>Head Office</b>      | <b>Registrar and Transfer Agent</b>   |
| 500 - 750 W. Pender St. | Pacific Corporate Trust Company       |
| Vancouver, BC V6C 2T7   | 10 <sup>th</sup> Floor - 625 Howe St. |
|                         | Vancouver, B.C. V6C 3B8               |

**\$1,998,000****OFFERING OF UP TO 5,400,000 UNITS****Price: \$0.37 per Unit**

This is an offering (the "Offering") of up to 5,400,000 units ("the Units") of the Issuer at a price of \$0.37 per Unit **and is not subject to any minimum subscription amount**. Each unit is comprised of one share of common stock (a "Share") in the capital of the Issuer and one non-transferable share purchase warrant (a "Warrant"). Each two Warrants will entitle the holder thereof to purchase one additional Share in the capital of the Issuer for a period of 12 months following the date the Units are distributed (the "Closing Date") at a price of \$0.75 per Share. The Units are being offered through First Associates Investments Inc., 440 - 2<sup>nd</sup> Avenue S.W., Suite 2200, Calgary, AB, T2P 5E9 (the "Agent") as exclusive Agent for the Issuer for sale only in the provinces of British Columbia and Alberta. See "Plan of Distribution".

| Description             | Price <sup>(1)</sup> | Number of Securities | Agent Commission <sup>(2)</sup> | Net Proceeds to Issuer <sup>(3)</sup> |
|-------------------------|----------------------|----------------------|---------------------------------|---------------------------------------|
| Per Unit                | \$0.37               | 1                    | \$0.0296                        | \$0.3404                              |
| Offering <sup>(4)</sup> | \$1,998,000          | 5,400,000            | \$159,840                       | \$1,838,160                           |

Notes:

- (1) The offering price for the Units was established by negotiation between the Issuer and the Agent.
- (2) The Issuer has agreed to pay First Associates Investments Inc. (the "Agent"): (i) a commission equal to 8% of the gross proceeds of the sale of Units under the Offering, (ii) options ("Agent's Options") to purchase a number of Units equal to 10% of the total number of Units sold under the Offering, exercisable at \$0.37 per Unit for a period of 24 months from the Closing Date; and (iii) a \$20,000 administration fee together with all of the Agent's costs incurred with respect to the Offering.
- (3)

After deducting the Agent's commission, but before deducting the expenses of the Offering, estimated to be \$45,000.

- (4) Assuming the Offering is fully subscribed.

---

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this Offering Document; further clarification, if required, may be sought from the Agent or an advisor registered under the *Securities Act* (Alberta) (the "Alberta Act") or the *Securities Act* (British Columbia) (the "BC Act") (collectively, the "Acts"). (See "Risk Factors").

Neither the TSX Venture Exchange (the "Exchange"), nor any securities regulatory authority has in any way passed upon the merits of the securities offered under this Offering Document.

**THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE LAWS OF ANY STATE, AND WILL BE ISSUED PURSUANT TO REGULATION S, WHICH IS AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT. THE SECURITIES OFFERED HEREUNDER MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS PRIOR TO THE END OF A ONE-YEAR PERIOD COMMENCING ON THE LATER OF (I) THE DATE THE SECURITIES ARE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR (II) THE DATE OF THE FINAL CLOSING OF THE OFFERING OF THE SECURITIES BY THE COMPANY, UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION (A) IS MADE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OR (B) IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE 1933 ACT.**

**THE SECURITIES OFFERED HEREUNDER ARE DEEMED "RESTRICTED SECURITIES" UNDER RULE 905 OF REGULATION S AND UNDER RULE 144 OF THE 1933 ACT.**

**AFTER A ONE-YEAR PERIOD HAS ELAPSED AS SET OUT ABOVE, A PURCHASER OF SECURITIES OF THE COMPANY UNDER THIS OFFERING MAY OFFER, SELL, TRANSFER, PLEDGE OR HYPOTHECATE SUCH SECURITIES IN THE U.S. OR TO U.S PERSONS PURSUANT TO THE PROVISIONS OF RULE 144(E) OF THE 1933 ACT (WHICH IS MORE COMMONLY KNOWN AS THE "DRIBBLE OUT" PERIOD STARTING FROM THE 13<sup>TH</sup> MONTH TO THE 24<sup>TH</sup> MONTH OF OWNERSHIP OF SUCH SECURITIES).**

No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this Offering Document in connection with the issue and sale of the Units of the Issuer.



The information provided in this Offering Document is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this Offering Document. These documents must be read together with this Offering Document in order to provide full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The documents listed below are not contained within, or attached to this Offering Document, and will be provided by the Issuer, at no charge, upon request. Alternatively, the documents may be accessed by the reader of the Offering Document at the following locations:

Page 181 of 251

---

| Type of Document  | Date of Document  | Location At Which Document May Be Accessed       |
|---|-------------------|--|
| Annual Information Form   | December 6, 2002  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | December 17, 2002 | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | December 17, 2002 | <a href="http://www.sedar.com">www.sedar.com</a> |
| BC Form 51-901F Year End<br>December 31, 2002 Audited<br>Financial Statements | April 11, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | January 22, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | January 22, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | January 31, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | January 31, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | February 5, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | February 5, 2003  | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | February 18, 2003 | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | February 18, 2003 | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | March 18, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | March 18, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | March 21, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | March 21, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | March 27, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | March 27, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | April 15, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | April 15, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Press Release   | April 17, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |
| Material Change Report  | April 17, 2003    | <a href="http://www.sedar.com">www.sedar.com</a> |

Any material change report (a "Subsequently Triggered Report") filed under securities legislation, regulations, rules, policies, notices, instruments and blanket orders applicable to the Issuer after the date that this Offering Document is certified but before a purchaser enters into an agreement of purchase and sale will be deemed to be incorporated into this Offering Document. Securities offered by this Offering Document are being offered under an exemption from the prospectus requirements. Purchasers may not receive all of the information required by or have all of the rights available to a purchaser under a prospectus.

**The documents incorporated by reference herein contain meaningful and material information relating to the Company and prospective**

**subscribers for Units should review all information contained in this Offering Document and the documents incorporated by reference before making an investment decision.**

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Document to the extent that a statement contained in this Offering Document or in any Subsequently Triggered Report that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Offering Document, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

Copies of documents incorporated herein by reference may also be obtained, upon request, without charge from the Corporate Secretary of the Issuer at Suite 500 - 750 West Pender Street, Vancouver, BC, V6C 2T7, (phone: 604-331-0995)

CURRENCY

## Edgar Filing: - Form

Unless otherwise indicated, all reference to "\$" or "dollars" in this Offering Document refer to the Canadian dollar. The financial statements incorporated herein by reference are reported in United States dollars.

### Agent

First Associates Investment Inc.

440 - 2<sup>nd</sup> Avenue S.W., Suite 2200

Calgary, Alberta T2P 5E9

Page 184 of 251

---

## TABLE OF CONTENTS

### CURRENCY

3

### DETAILS OF THE OFFERING AND PLAN OF DISTRIBUTION

2

### USE OF PROCEEDS

4

### BUSINESS OF THE ISSUER

4

### RISK FACTORS

4

### ACQUISITIONS

7

CORPORATE INFORMATION

7

DIRECTORS, OFFICERS, PROMOTERS AND PRINCIPAL HOLDERS

OF VOTING SECURITIES 7

OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

9

SECURITIES OF THE ISSUER HELD IN ESCROW

10

PARTICULARS OF ANY OTHER MATERIAL FACTS

10

CONTRACTUAL RIGHTS OF ACTION

11

CONTRACTUAL RIGHTS OF WITHDRAWAL

11

CERTIFICATE OF PROMOTERS OF THE COMPANY

12

CERTIFICATE OF THE DIRECTORS OF THE COMPANY

13

CERTIFICATE OF THE AGENT

14

DETAILS OF THE OFFERING AND PLAN OF DISTRIBUTION

## **Details of the Offering**

The Offering consists of 5,400,000 Units, each Unit consisting of one Share and one Warrant.

## **Shares**

The Shares are Shares without par value in the capital stock of the Issuer. All of the Shares of the Issuer are Shares of the same class and rank equally as to dividends, voting powers and participation in assets. No Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase or cancellation, surrender or sinking or purchase funds. The Shares issuable under this Offering will not be registered in the United States and will be subject to certain trading restrictions in the United States.

## **Warrants**

The Warrants will be non-transferable and two Warrants will entitle the holder to purchase one Share of the Issuer for a period of 12 months following the Closing Date at a price of \$0.75 per Share. The Warrants will contain provisions for the appropriate adjustment in the class, number and price of Shares issuable under such Warrants upon the occurrence of certain events, including any subdivision, consolidation, or reclassification of the Shares of the Issuer, the payment of stock dividends or the amalgamation of the Issuer. The Shares underlying the Warrants issuable under this Offering will not be registered in the United States and will be subject to certain trading restrictions in the United States.

## **Plan of Distribution**

The Issuer and the Agent have entered into an agreement ("Agency Agreement") under which the Issuer has appointed the Agent as its exclusive agent to offer the Units for sale. Closing will take place on a date determined by the Agent and the Issuer not later than 60 days from the date that this Offering Document is accepted by the Exchange.

On Closing, the Agent will be paid a cash commission equal to 8 % of the Offering Price for each of the Units sold, and the Agent's Options will be issued. In addition, the Issuer will pay the Agent a corporate finance fee of \$20,000. The Issuer will also reimburse the Agent for reasonable expenses related to the Offering.

The Agent may terminate its obligations under the Agency Agreement by notice in writing to the Issuer at any time prior to the conclusion of the Offering at its discretion on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events.

Provided that at least \$1,000,000 of Units is sold under the Offering, the Agent will have the right of first refusal to provide its services, based upon industry standard terms, and to participate up to 50% as co-agent or selling group member, in any Canadian offering or the Canadian tranche of any United States offering of securities conducted by the Issuer through a broker dealer or other intermediary during the 12 months from the Closing Date.

Under the Agency Agreement the Agent has reserved the right to offer selling group participation in the normal course of the brokerage business to other licensed investment dealers.

Other than as described above, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering. The directors, officers and other insiders of the Issuer may purchase Units under the Offering.

The Agent's Professional Group as defined in National Instrument 33-105, beneficially owns directly or indirectly zero Shares of the Issuer.

### **Exemption**

The Units in this Offering are being distributed pursuant to:

(a)

in British Columbia, BC Instrument 45-509, entitled "Short Form Offerings of Listed Securities and Units by Qualifying Issuer" (the "BC Instrument") of the British Columbia Securities Commission, which provides an exemption from the prospectus requirements of the BC Act and the rules and the regulations thereto (the "BC Securities Rules"); and

(b)

Edgar Filing: - Form

in Alberta, Alberta Blanket Order 45-507, entitled "Order Under Sections 144(2), 213 and 214(1) of the Alberta Act, Offerings by the Exchange Short Form Offering Document" (the "Alberta Blanket Order") of the Alberta Securities Commission, which provides an exemption from the prospectus requirements of the Alberta Act and the rules and regulations thereto (the "Alberta Securities Rules").

In order to rely on the exemptions provided in the BC Instrument and the Alberta Blanket Order (collectively, the "Instruments"), the following provisions will apply to the Offering:

(a)

the number of Shares distributed by the Company under the Offering when aggregated with the Shares of the Company distributed under all Short Form Offerings during the 12 month period prior to the date of this Offering Document, may not constitute in excess of 100% of the number of issued and outstanding Shares at the later of the following dates:

Page 187 of 251

---

(i)

the date the Company first distributed Shares under a Short Form Offering Document during the 12 month period immediately preceding the date of this Offering Document; and

(ii)

the date that is 12 months before the date of this Offering Document;

(b)

the gross proceeds of the Offering, when added to the gross proceeds from all Short Form Offerings (excluding the proceeds from the exercise of any Warrants included therein) completed during the 12 month period immediately preceding the date of this Offering Document, may not exceed \$2,000,000;

(c)

all Units acquired by the Agent or a purchaser who is, at the time of Closing, an insider or promoter of the Issuer or a member of the Agent's Professional Group as defined in National Instrument 33-105, will be subject to a hold period

which will run for four months from the date of Closing;

(d)

all Units acquired by a Purchaser in excess of \$40,000 will be subject to a four month hold period;

(e)

pursuant to the Instruments, no more than 50% of the Units sold hereunder may be subject to the four month hold period; and

(f)

no Purchaser may purchase more than 20% of the Offering.

## USE OF PROCEEDS

### Funds Available

Net proceeds of the Offering if fully subscribed will be \$1,838,160 prior to the deduction of the costs of the Offering, which, when added to the Issuer's working capital deficit (current assets minus current liabilities) of approximately \$682,892 (unaudited, as of March 31, 2003), will result in \$1,155,268 of available funds, which funds are intended to be used for the purposes outlined in the table below:

| <u>Description of Expenditure</u>   | <u>Fund Allocation</u> (\$) |
|---|-----------------------------|
| To pay the estimated costs of the Offering (legal and due diligence):   | 45,000                      |
| Minimum contractually required repayment of convertible notes, 20% of portion sold over \$725,500 (US\$500,000) | 254,900                     |
| Working capital   | 358,160                     |
| Technology expansion and upgrades   | 278,027                     |
| Marketing   | 219,181                     |



**TOTAL FUNDS AVAILABLE (1)**

**\$1,155,268**

Note:

- (1) As the Offering is not subject to a minimum subscription, the entire gross proceeds of \$1,998,000 may not be realized by the Issuer. In such event, the Issuer will allocate the use of the actual proceeds received in the priority and order listed above.

Page 188 of 251

---

## BUSINESS OF THE ISSUER

The Issuer is a financial media and technology company providing financial content and software solutions to media, corporate and financial services companies, enabling them to provide financial data and news to their customers, shareholders and employees. The Issuer also provides software that permits online shareholder disclosure and communication activities and email management enabling companies to connect better with their investors.

## RISK FACTORS

The following factors should be considered carefully in evaluating the Company and its business. In this section "we", "us", "our" and similar expressions refer to the Issuer.

*Our limited operating history makes it difficult for you to judge our prospects.*

We have a limited operating history upon which an evaluation of our current business and prospects can be based. You should consider any purchase of our shares in light of the risks, expenses and problems frequently encountered by all companies in the early stages of its corporate development.

Page 189 of 251

---

*Liquidity and capital resources are uncertain.*

Our working capital deficiency at March 31, 2003 was approximately US\$464,774. We incurred a net loss of US\$306,677 for the year ended December 31, 2002 [2001 - US\$541,552], and had a working capital deficiency of US\$211,045 as at December 31, 2002. These factors raise substantial doubt about our ability to continue as a going concern. We experienced a reduction in cash used in operations from US\$778,086 in 2001 to US\$430,867 in 2002 as a result of cost restructuring activities initiated in 2001. We have negotiated the conversion of US\$392,984 of our 8% convertible notes on January 28, 2003, thereby eliminating eight mandatory quarterly payments totaling US\$42,012 and a maturity payment of US\$350,972. Of the remaining principal of its 8% convertible notes, US\$15,332 was paid on April 2, 2003, an amount equal to 20% of the portion of the gross proceeds of this Offering in excess of US\$500,000 will be paid upon closing of this Offering, and US\$107,324 will be paid in mandatory quarterly payments of US\$15,332 until December 31, 2004, and the balance of between US\$993,360 and US\$1,168,360 is due December 31, 2005. Although we have taken steps to achieve profitable operations

in 2003, there are no assurances that we will be successful in achieving our goals.

In view of these conditions, our ability to continue as a going concern is uncertain and dependent upon achieving a profitable level of operations and, if necessary, on our ability to obtain necessary financing to fund ongoing operations.

*Computer equipment problems and failures could adversely affect business.*

Problems or failures in Internet-related equipment, including file servers, computers and software, could result in interruptions or slower response times of the our products, which could reduce the attractiveness of the Web site, financial tools, or software products to advertisers and users. Should such interruptions continue for an extended period we could lose significant business and reputation. Equipment problems and failures could result from a number of causes, including an increase in the number of users of the Web site, computer viruses, outside programmers penetrating and disrupting software systems, human error, fires, floods, power and telecommunications failures, and internal breakdowns. In addition, any disruption in Internet access provided by third parties could have a material and adverse effect.

*We may not be able to compete successfully against current and future competitors.*

We currently compete with several other companies offering similar services. Many of these have significantly greater financial resources, name recognition, and technical and marketing resources, and virtually all of them are seeking to

improve their technology, products and services. We can not assure you that we will have the financial resources or the technological expertise to successfully meet this competition.

*We are significantly influenced by our officers, directors and entities affiliated with them.*

In the aggregate, ownership of our shares by management represents approximately 21% of issued and outstanding shares of common stock. These shareholders, if acting together, will be able to significantly influence all matters requiring approval by shareholders, including the election of directors and the approval of mergers or other business combinations transactions.

*We may be unable to protect the intellectual property rights upon which our business relies.*

We regard substantial elements of our Web site and underlying technology as proprietary and attempt to protect them by relying on intellectual property laws, including trademark, service mark, copyright and trade secret laws and restrictions on disclosure and transferring title and other methods. We also generally enter into

confidentiality agreements with employees and consultants and in connection with license agreements with third parties, and seek to control access to proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain or use our proprietary information without authorization or to develop similar technology independently. There can also be no assurance that our business activities will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against us, including claims that by directly or indirectly providing hyperlink text links to Web sites operated by third parties, we have infringed upon the proprietary rights of other third parties.

*It is unclear how any existing and future laws enacted will be applied to the Internet industry and what effect such laws will have on us.*

A number of legislative and regulatory proposals under consideration by federal, state, provincial, local and foreign governmental organizations may lead to laws or regulations concerning various aspects of the Internet, including, but not limited to, online content, user privacy, taxation, access charges, liability for third-party activities and jurisdiction. Additionally, it is uncertain how existing laws will be applied by the judiciary to the Internet. The adoption of new laws or the application of existing laws may decrease the growth in the use of the Internet, which could in turn decrease the demand for our services, increase the cost of doing business or otherwise have a material adverse effect on our business, results of operations and financial condition.

*We may be held liable for online information or products provided by us or third parties.*

Because materials may be downloaded by the public on Internet services offered by us or the Internet access providers with which we have relationships, and because third party information may be posted by third parties on our Web site through discussion forums and otherwise there is the potential that claims will be made against us for defamation, negligence, copyright or trademark infringement, or other theories. Such claims have been brought against providers of online services in the past. The imposition of liability based on such claims could materially and adversely affect us.

Even to the extent such claims do not result in liability, we could incur significant costs in investigating and defending against such claims. The imposition on us of potential liability for information or products carried on or disseminated through our Web site could require implementation of measures to reduce exposure to such liability, which may require the expenditure of substantial resources and limit the attractiveness of services to members and users.

Our general liability insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a

material adverse effect on our business, results of operations and financial condition.

*Future sales of shares may adversely impact the value of our stock.*

During 2002 we issued 9,421,336 shares of common stock, representing 93% of the outstanding stock at the beginning of 2002. We also have authorized, reserved, and registered, as of December 31, 2002, 4,901,875 shares of common stock for issuance upon the exercise of outstanding warrants, and 3,500,975 shares for issuance upon the exercise of non-qualified stock options.

If required, we will seek to raise additional capital through the sale of common stock. Under the terms of outstanding convertible notes and debentures, the number of shares that may be issued under such instruments may be increased in the event of certain changes in our capital structure. Future sales of shares by us or our stockholders could cause the market price of its common stock to decline.

*The departure of key personnel could have an adverse impact on our business.*

We employ certain key personnel with skills, including management skills, which may be difficult to replace quickly. Should one or more of our key personnel depart our company we may incur time and cost losses replacing them. Even if replaced, it is possible that their departure could have a long lasting adverse impact on us.

## ACQUISITIONS

There are no plans to use any of the proceeds in this Offering for acquisitions.

## CORPORATE INFORMATION

The Issuer was incorporated in 1995 in the State of Colorado. Its shares trade on the NASD Over-The-Counter Bulletin Board under the symbol "SWEB" and on the TSX Venture Exchange under the symbol "SWB". The Shares being offered under this Offering will contain trading restrictions in the United States and Canada, if applicable, as disclosed on page 2 of this Offering document under the heading Details of the Offering and Plan of Distribution.

### **Authorized Capital**

The Issuer is authorized to issue up to 75,000,000 Shares and 5,000,000 shares of preferred stock. No preferred stock is issued and outstanding.

The number of Shares outstanding as of April 28, 2003 was 21,295,571.

---

**DIRECTORS, OFFICERS, PROMOTERS AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The table below and the paragraphs that follow present certain information concerning directors, executive officers and significant employees, updated to April 28, 2003. Mr. David Caddey is Mr. Marcus New's wife's uncle. Other than this relationship, none of our directors, executive officers or significant employees has any family relationship with any other director, executive officer or significant employee.

| <b>Name and Municipality of Residence</b> | <b>Position with Company</b>                                       | <b>Executive Officer/Director Since</b> | <b>Principal Occupation and Positions Held During Last Five Years</b>   | <b>Number and Percentage of Non-Escrowed Voting Shares Beneficially Owned Post Offering</b> | <b>Number and Percentage of Escrowed Voting Shares Beneficially Owned Post Offering</b> |
|---|--|---|---|---|---|
| Marcus A. New, Coquitlam, BC              | Chairman of the Board, Chief Executive Officer, Director, Promoter | 05/04/95                                | Businessman. Founder and Chief Executive Officer of Stockgroup from May 1995 to present.  | 1,352,000<br>(5.06%)  | 1,664,500<br>(6.24%)  |
| Craig D. Faulkner, Vancouver, BC          | Director   | 05/04/95                                | Businessman. From May 1995 to March 2002, Chief Technology Officer of Stockgroup. From April 2002 to present, President of Kikara Martial Arts Academies Ltd., a franchisor of martial arts academies (privately held). | 227,500<br>(0.85%)  | 556,500<br>(2.08%)  |
| Leslie Landes, West Vancouver,            | President, Chief   | 08/04/98                                | Businessman. President of   | 752,810   | 78,750  |

## Edgar Filing: - Form

|                            |                                |          |  |                    |                   |
|----------------------------|--------------------------------|----------|--|--------------------|-------------------|
| BC                         | Operating Officer,<br>Director |          | Stockgroup from August 1998 to present.<br>President of Landes Enterprises Ltd., a business consulting company (privately held), from 1992 to present. | (2.82%)            | (0.29%)           |
| David Caddey,<br>Delta, BC | Director                       | 05/04/95 | Businessman.<br>Vice President of Space Missions for MacDonald Dettwiler & Associates, a TSX listed company (T.MDA), since August 1996.                | 115,000<br>(0.43%) | 45,000<br>(0.17%) |

Page 194 of 251

---

|                                  |                         |          |  |                    |     |
|----------------------------------|-------------------------|----------|--|--------------------|-----|
| Louis deBoer II,<br>New York, NY | Director                | 10/07/99 | Businessman.<br>President of MediaFutures, Inc., a consulting company to the Internet and cable broadcasting industries (privately held), from June 1998 to June 2000, and again from June 2001 to present.<br>President of Automatic Media, a builder of online networks (privately held), from July 2000 to May 2001 | 100,000<br>(0.37%) | NIL |
| David Gillard,<br>Vancouver, BC  | Chief Financial Officer | 11/16/01 | Professional accountant (CGA). CFO of  | 100,000<br>(0.37%) | NIL |

Edgar Filing: - Form

|   |          |          |   |                           |                           |
|---|----------|----------|---|---------------------------|---------------------------|
|   |          |          | Stockgroup from<br>November 2001<br>to present.<br>Controller of<br>Stockgroup from<br>March 2000 to<br>November 2001.  |                           |                           |
| Jeffrey Berwick,<br>Vancouver, BC   | Director | 07/19/02 | Businessman.<br>President of<br>Stockhouse<br>Media Inc., a<br>developer of<br>Internet financial<br>communities<br>(privately held),<br>from 1995 to<br>present. | 109,307<br><br>(0.41%)    | 327,923<br><br>(1.23%)    |
| All Directors, Officers, Executive Officers and<br>Significant employees as a group |          |          |   | 2,756,617<br><br>(10.33%) | 2,672,673<br><br>(10.01%) |

To the knowledge of Management, no director, officer or promoter of the Issuer is, or within five years prior to the date of the Offering Document has been, a director, officer or promoter of any other Issuer that while that person was acting in that capacity:

i)

was the subject of a cease trade or similar order or an order that denied the Issuer access to any statutory exemptions for a period of more than 30 consecutive days, or

ii)

was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with the creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person,

except for Marcus New, the CEO of Stockgroup, who was an outside director of Golden Maritime Resources Ltd., which was previously listed in the TSX Venture Exchange, and which company received a Cease Trade Order for failing to file financial statements and eventually de-listed due to lack of capital. Mr. New was also an outside director of iaNett International Systems Ltd. between May 7, 2001 and August 14, 2002, and during that period iaNett made a proposal under the Bankruptcy and Insolvency Act.



To the knowledge of Management, no director, officer or promoter of the Issuer has, within ten years prior to the date of the Offering Document, been subject to any penalties, or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded Issuer, or theft or fraud.

#### OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The following table sets out certain details of outstanding options to purchase Shares currently held by directors, officers, and promoters of the Issuer.

| Optionee       | Securities Underlying<br>Options Granted | Exercise Price Per<br>Share | Expiration Date |
|----------------|--|-----------------------------|-----------------|
|                |  | US\$                        |                 |
| Marcus New     | 400,000                                  | \$0.22                      | 04/03/08        |
|                | 300,000                                  | \$0.17                      | 12/05/08        |
|                | 100,000                                  | \$0.12                      | 17/09/07        |
| Leslie Landes  | 533,200                                  | \$0.22                      | 09/08/07        |
|                | 300,000                                  | \$0.15                      | 21/10/08        |
| Craig Faulkner | 50,000                                   | \$0.15                      | 21/10/08        |
|                | 100,000                                  | \$0.12                      | 17/09/07        |
| David Caddey   | 50,000                                   | \$0.22                      | 09/08/07        |
|                | 50,000                                   | \$0.15                      | 21/10/08        |
| Louis de Boer  | 50,000                                   | \$0.22                      | 10/08/07        |
|                | 50,000                                   | \$0.15                      | 21/10/08        |
| David Gillard  | 7,500                                    | \$0.31                      | 30/04/07        |
|                | 92,500                                   | \$0.15                      | 12/05/08        |

The following table sets out certain details of outstanding options to purchase Shares currently held by employees of the Issuer, as a group, who are not directors, officers, or promoters of the Issuer.

| Exercise Price | Expiration Date |
|----------------|-----------------|
|----------------|-----------------|

Securities Underlying  
Options Granted

|         |         |      |
|---------|---------|------|
| 264,700 | \$0.15  | 2008 |
| 150,000 | \$0.31  | 2005 |
| 50,000  | \$0.40  | 2008 |
| 50,000  | \$0.594 | 2006 |

### Outstanding Warrants to Purchase Shares

The following table sets out certain details of all options, warrants, and other rights to purchase securities of the Issuer, not disclosed above.

Page 196 of 251

---

| # of Warrants | Exercise Price (US\$) | Expiry Date        |
|---------------|-----------------------|--------------------|
| 250,000       | \$0.30                | September 15, 2003 |
| 1,664,900     | \$0.30                | September 30, 2003 |
| 1,701,875     | \$0.22                | December 31, 2003  |
| 150,000       | \$0.16                | December 31, 2003  |
| 281,818       | \$3.00                | March 31, 2005     |
| 500,000       | \$0.25                | July 31, 2005      |
| 300,000       | \$0.50                | July 31, 2005      |

### Convertible Notes

The principal balance of US\$1,225,684 in convertible notes matures on December 31, 2005. The notes are non-interest bearing and are convertible into Shares at the option of the holder at any time at a fixed conversion price, which upon completion of this offering will be US\$0.32, through to December 31, 2003. From January 1, 2004 to December 31, 2005, or sooner in the event of a default on any mandatory quarterly payment of US\$15,332, the notes bear interest at 8% and are convertible into Shares at the option of the holder at any time at a conversion price equal to the lesser of (i) the adjusted initial conversion price of US\$0.32 and (ii) 88% of the average of the 5 lowest closing prices of the Issuer's Shares during the 30 trading days prior to the date of conversion.

## **Joint Venture Development and Operating Agreement**

Under the terms of a Joint Venture Development and Operating Agreement ("JV") with Stockhouse Media Corporation ("SMC"), after June 18, 2004 and before June 19, 2005, SMC may elect and option to cause the Issuer to purchase SMC's interest in the JV for a formula-driven amount of Shares of the Issuer which is between 920,000 and 1,120,000 Shares.

## **Principal Holders of Voting Securities**

To the knowledge of the directors and senior officers of the Issuer, no person or company, other than those disclosed in the directors and officers table hereinabove, directly or indirectly owns, controls or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Issuer as at the date of this Offering Document.

Page 197 of 251

---

## **SECURITIES OF THE ISSUER HELD IN ESCROW**

There are a total of 2,672,673 Shares held in escrow, constituting approximately 13% of our outstanding common stock. After the Offering, the escrowed Shares will constitute approximately 10% of our outstanding common stock. The shares held in escrow are held by Marcus New as to 1,667,500 Shares, Leslie Landes as to 78,750 Shares, Craig

Page 198 of 251

---

Faulkner as to 556,500 Shares, David Caddey as to 45,000 Shares, and Jeff Berwick as to 327,923 Shares. All escrowed Shares are released on the following schedule:

1/3 on June 17, 2003

1/3 on December 17, 2003

1/3 on June 17, 2004

#### PARTICULARS OF ANY OTHER MATERIAL FACTS

We are currently involved in litigation with a customer to collect amounts owing pursuant to a contract entered into in September, 2000. The defendant provided a US\$100,000 deposit and contracted us to provide certain lead generation services. We delivered the requested services throughout October and November, 2000, however, the defendant defaulted on all additional payments. We are suing the defendant for the US\$351,800 balance owing, plus interest and costs. The defendant has filed a statement of defense and counterclaim to recover the US\$100,000 deposit. As of April 28, 2003, no further action had been taken by either party and no court date has been set. Although we currently believe the outcome of the litigation will be in the Company's favour, we have not elected to aggressively pursue the litigation at this time. We have made no provision for the counterclaim in the financial statements and any settlement or final award will be reflected in the statement of operations as the litigation is resolved.

#### CONTRACTUAL RIGHTS OF ACTION

"If this Short Form Offering Document, together with any Subsequently Triggered Report contains a "misrepresentation" as that term is defined in the BC Act or the Alberta Act, as applicable, and it was a misrepresentation on the date of investment, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action, either for damages against the Issuer and its directors, and every person, except the Agent, who signed the Offering Document, (the "Issuer's Representatives") or alternatively for rescission of the agreement of purchase and sale for the securities. In any such action, parties against whom remedies are sought shall have the same defenses as are available in section 131 of the BC Act or section 203 of the Alberta Act, as applicable, as if the Short Form Offering Document were a prospectus.

A purchaser is not entitled to commence an action to enforce this right after the limitation periods as set out in section 140 of the BC Act or section 211 of the Alberta Act, as applicable have expired.

The contractual rights provided herein are in addition to and without derogation from any other right the purchaser may have at law."

#### CONTRACTUAL RIGHTS OF WITHDRAWAL

"An order or subscription for the securities offered under this Short

Page 199 of 251

---

Form Offering Document is not binding on a purchaser if the dealer from whom the purchaser purchased the security (or the Issuer if the purchaser did not purchase the security from a dealer), receives, not later than two business days after the receipt by the purchaser of the Short Form Offering Document and any Subsequently Triggered Report, written notice sent by the purchaser evidencing the intention of the purchaser not to be bound by the agreement.

The foregoing right of withdrawal does not apply if the purchaser is a member of a "professional group" as defined under National Instrument 33-105, *Underwriting Conflicts* or any successor policy or instrument, or if the purchaser disposes of the beneficial ownership of the security (otherwise than to secure indebtedness) before the end of the withdrawal period.

The onus of proving that the time for giving notice of withdrawal has ended is on the dealer from whom the purchaser has agreed to purchase the security, or if the purchaser did not purchase from a dealer, such onus is on the Issuer."

Page 200 of 251

---

#### CERTIFICATE OF PROMOTERS OF THE COMPANY

The foregoing, including the documents incorporated by reference constitute full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The standard for full, true and plain disclosure is the same as that required for prospectuses by the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable, and the regulations thereunder.

DATED: April 30, 2003

**STOCKGROUP INFORMATION SYSTEMS INC.**

---

Marcus New

Page 201 of 251

---

**CERTIFICATE OF THE DIRECTORS OF THE COMPANY**

The foregoing, including the documents incorporated by reference constitute full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The standard for full, true and plain disclosure is the same as that required for prospectuses by the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable, and the regulations thereunder.

DATED: April 30, 2003

**STOCKGROUP INFORMATION SYSTEMS INC.**

---

---

Marcus New

David Gillard, CGA

Chief Executive Officer and Director

Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

---

---

Craig Faulkner

Leslie Landes

Director

Director

Page 202 of 251

---

CERTIFICATE OF THE AGENT

We have reviewed this Offering Document and the information it incorporates by reference. Our review consisted primarily of enquiry, analysis and discussion related to the information supplied to us by the Issuer and information about the Issuer in the public domain.

We have not carried out a review of the type that would be carried out for a prospectus filed under the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable. Therefore, we cannot certify that this document and the information it incorporates by reference constitutes full, true and plain disclosure of all material facts relating to the Issuer and the securities offered by it.

Based on our review, nothing has come to our attention that causes us to believe that this Offering Document and the information that it incorporates by reference: (1) contains an untrue statement of a material fact; or (2) omits to state a material fact necessary to prevent a false statement or misleading interpretation of any other statement.

DATED: April 30, 2003

**FIRST ASSOCIATES INVESTMENTS INC.**

---

S.S. (Ali) Rawji, Vice President Corporate Finance

Page 203 of 251

---

EXHIBIT 4.19 FORM OF WARRANT FOR SHORT FORM OFFERING

---



**SHARE PURCHASE WARRANT CERTIFICATE**

**From:**

**STOCKGROUP INFORMATION SYSTEMS INC.**

**To:**

**[WARRANT HOLDER]**

**Stockgroup Information Systems Inc.**

Suite 500, 750 West Pender Street  
Vancouver, British Columbia, V6C 2T7

---

Page 204 of 251

---

**SHARE PURCHASE WARRANT CERTIFICATE**

No. [seq.]

**STOCKGROUP INFORMATION SYSTEMS INC.**

(Incorporated under the laws of the State of Colorado, U.S.A.)

**SHARE PURCHASE WARRANT**

(the "Warrant")

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS FOR A PERIOD OF UP TO ONE YEAR FROM THE DATE OF ISSUANCE UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT OR THE LAWS OF ANY STATE, AND WILL BE ISSUED PURSUANT TO REGULATION S, WHICH IS AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS PRIOR TO THE END OF A ONE-YEAR PERIOD COMMENCING ON THE LATER OF (I) THE DATE THE SECURITIES ARE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR (II) THE DATE OF THE FINAL CLOSING OF THE OFFERING OF THE SECURITIES BY THE ISSUER, UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION (A) IS MADE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OR (B) IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE 1933 ACT. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE DEEMED "RESTRICTED SECURITIES" UNDER RULE 905 OF REGULATION S AND UNDER RULE 144 OF THE 1933 ACT. AFTER A ONE-YEAR PERIOD HAS ELAPSED AS SET OUT ABOVE, A PURCHASER OF SECURITIES REPRESENTED BY THIS CERTIFICATE MAY OFFER, SELL, TRANSFER, PLEDGE OR HYPOTHECATE SUCH SECURITIES IN THE UNITED STATES OR TO U.S. PERSONS PURSUANT TO THE PROVISIONS OF RULE 144(E) OF THE 1933 ACT (WHICH IS MORE COMMONLY KNOWN AS THE "DRIBBLE OUT" PERIOD STARTING FROM THE 13<sup>TH</sup> MONTH TO THE 24<sup>TH</sup> MONTH OF OWNERSHIP OF SUCH SECURITIES). THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON UNLESS REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.**

**THIS IS TO CERTIFY THAT**

, for value received, **[FULL NAME OF WARRANT HOLDER]**, of [FULL ADDRESS OF HOLDER] (the "Holder"), is the owner of **[NUMBER]** share purchase warrants (each a "Warrant"). Each two Warrants entitle the Holder to purchase one fully paid and non-assessable share of no par value (each a "Share") of **STOCKGROUP INFORMATION SYSTEMS INC.** (the "Issuer") at a purchase price of **\$0.75**

Page 205 of 251

---

per Share if subscribed for on or before 4:00 p.m. (Vancouver time) on **June 4, 2004** (the "Time of Expiry"). This Warrant Certificate (sometimes herein called "*this Warrant*") is subject to the terms and conditions contained hereinbelow together with the terms and conditions which are attached to this Warrant as Schedule "A".

The aforesaid right to purchase Shares may be exercised by the Holder at anytime and from time to time prior to the Time of Expiry (i) by duly completing in the manner indicated and executing the subscription form attached hereto, (ii) by surrendering this Warrant to either the Issuer or to Pacific Corporate Trust Company, at their respective and principal offices located in Vancouver, British Columbia, and (iii) by paying the appropriate purchase price for the Shares subscribed for either in cash or by certified cheque or money order payable at par to the order of the Issuer.

Upon said surrender and payment the Issuer will issue to the Holder the number of Shares subscribed for and said Holder will become a shareholder or shareholders of the Issuer in respect of the Shares as of the date of such surrender and payment. Subject to the terms and conditions of this Warrant, the Issuer will, as soon as practicable after said surrender and payment, mail to the person or persons at the address or addresses specified in the subscription form a certificate or certificates evidencing the Shares subscribed for. If the Holder subscribes for a lesser number of Shares than the number of Shares referred to in this Warrant, the Holder shall be entitled to receive a further Warrant in respect of Shares not subscribed for.

The Holder may surrender this Warrant to either the Issuer or Pacific Corporate Trust Company, at their respective and principal offices located in Vancouver, British Columbia, in exchange for new certificates representing this Warrant entitling the Holder to purchase in the aggregate the same number of Shares referred to in this Warrant.

The Holder hereof and the Issuer, by acceptance and issuance of this Warrant, agree that this Warrant and all rights hereunder may not be transferred or assigned. Nothing contained herein shall confer any right upon the Holder hereof or any other person to subscribe for or purchase any Shares at any time subsequent to 4:00 p.m. (Vancouver time) on **June 4, 2004** and, from and after such time, this Warrant and all rights hereunder shall be void and of no value. This Warrant shall not constitute the holder a member of the Issuer.

This Warrant is also subject to the terms and conditions which are attached to this Warrant as Schedule "A". Time shall be of the essence hereof.

**IN WITNESS WHEREOF STOCKGROUP INFORMATION SYSTEMS INC.** has caused its common seal to be affixed and this Warrant to be signed by its authorized representative effective on this 4<sup>th</sup> day of June, 2003.

Signed by:

STOCKGROUP INFORMATION SYSTEMS INC.

(c/s)

Per:

\_\_\_\_\_

Authorized Signatory

\_\_\_\_\_

**FORM OF SUBSCRIPTION**

To:

**STOCKGROUP INFORMATION SYSTEMS INC.**

And to:

**PACIFIC CORPORATE TRUST COMPANY**

**IN ORDER TO EXERCISE THIS WARRANT THE HOLDER MUST REPRESENT THAT HE IS NOT A U.S. PERSON AND IS NOT EXERCISING THIS WARRANT ON BEHALF OF A U.S. PERSON.**

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS FOR A PERIOD OF UP TO ONE YEAR FROM THE DATE OF ISSUANCE UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT OR THE LAWS OF ANY STATE, AND WILL BE ISSUED PURSUANT TO REGULATION S, WHICH IS AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS PRIOR TO THE END OF A ONE-YEAR PERIOD COMMENCING ON THE LATER OF (I) THE DATE THE SECURITIES ARE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR (II) THE DATE OF THE FINAL CLOSING OF THE OFFERING OF THE SECURITIES BY THE ISSUER, UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION (A) IS MADE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OR (B) IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE 1933 ACT. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE DEEMED "RESTRICTED SECURITIES" UNDER RULE 905 OF REGULATION S AND UNDER RULE 144 OF THE 1933 ACT. AFTER A ONE-YEAR PERIOD HAS ELAPSED AS SET OUT ABOVE, A PURCHASER OF SECURITIES REPRESENTED BY THIS CERTIFICATE MAY OFFER, SELL, TRANSFER, PLEDGE OR HYPOTHECATE SUCH SECURITIES IN THE UNITED STATES OR TO U.S. PERSONS PURSUANT TO THE PROVISIONS OF RULE 144(E) OF THE 1933 ACT (WHICH IS MORE COMMONLY KNOWN AS THE "DRIBBLE OUT" PERIOD STARTING FROM THE 13<sup>TH</sup> MONTH TO THE 24<sup>TH</sup> MONTH OF OWNERSHIP OF SUCH**

Page 207 of 251

---

**SECURITIES). THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON UNLESS REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.**

Edgar Filing: - Form

The undersigned holder of the attached Warrant hereby subscribes for \_\_\_\_\_ Shares of **STOCKGROUP INFORMATION SYSTEMS INC.** (again the "Issuer") pursuant to the attached Warrant at a purchase price of **\$0.75** per Share if subscribed for on or before 4:00 p.m. (Vancouver time) on **June 4, 2004** (or such number of other shares or securities to which such subscription entitles it in lieu thereof or in addition thereto under the terms and conditions mentioned in the within Warrant) on the terms specified in the said Warrant. This subscription is accompanied by a certified cheque or money order payable to or to the order of the Issuer for the whole amount of the purchase price of the said Shares.

The undersigned hereby directs that the said Shares be registered as follows:

Name in Full

Address

Number of Shares

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Total:

\_\_\_\_\_

DATED this \_\_\_\_\_

day of \_\_\_\_\_

, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_

\_\_\_\_\_

Witness

Signature of Warrant Holder

\_\_\_\_\_

If Warrant Holder is not an individual, name and title of signatory

Please print below your name and address in full:

Name: \_\_\_\_\_

Address: \_\_\_\_\_



**SCHEDULE A**

**TERMS AND CONDITIONS**

**Of**

**WARRANTS**

These are the Terms and Conditions which are attached to the Share Purchase Warrants issued by **Stockgroup Information Systems Inc.**

**IN ORDER TO EXERCISE THIS WARRANT THE HOLDER MUST REPRESENT THAT HE IS NOT A U.S. PERSON AND IS NOT EXERCISING THIS WARRANT ON BEHALF OF A U.S. PERSON.**

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS FOR A PERIOD OF UP TO ONE YEAR FROM THE DATE OF ISSUANCE UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT OR THE LAWS OF ANY STATE, AND WILL BE ISSUED PURSUANT TO REGULATION S, WHICH IS AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS PRIOR TO THE END OF A ONE-YEAR PERIOD COMMENCING ON THE LATER OF (I) THE DATE THE SECURITIES ARE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR (II) THE DATE OF THE FINAL CLOSING OF THE OFFERING OF THE SECURITIES BY THE ISSUER, UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION (A) IS MADE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OR (B) IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE 1933 ACT. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE DEEMED "RESTRICTED SECURITIES" UNDER RULE 905 OF REGULATION S AND UNDER RULE 144 OF THE 1933 ACT. AFTER A ONE-YEAR PERIOD HAS ELAPSED AS SET OUT ABOVE, A PURCHASER OF SECURITIES REPRESENTED BY THIS CERTIFICATE MAY OFFER, SELL, TRANSFER, PLEDGE OR HYPOTHECATE SUCH SECURITIES IN THE UNITED STATES OR TO U.S. PERSONS PURSUANT TO THE PROVISIONS OF RULE 144(E) OF THE 1933 ACT (WHICH IS MORE COMMONLY KNOWN AS THE "DRIBBLE OUT" PERIOD STARTING FROM THE 13<sup>TH</sup> MONTH TO THE 24<sup>TH</sup> MONTH OF OWNERSHIP OF SUCH SECURITIES). THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON UNLESS REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.**

## **ARTICLE ONE - INTERPRETATION**

### Section 1.01 - Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent:

(a)

"*Issuer*" means Stockgroup Information Systems Inc. or any successor company referred to in Article 7;

(b)

"*Issuer's Auditors*" means an independent firm of accountants duly appointed as auditors of the Issuer;

(c)

"*Current Market Price*" of the shares at any date means the closing price for such shares for the trading day immediately prior to such date on the TSX Venture Exchange (or if there is not a closing price on such date, the average of the bid and ask prices) or, if on such date the shares are not listed on the TSX Venture Exchange, on such stock exchange or over-the-counter market upon which the shares are listed or quoted;

(d)

"*Director*" means a director of the Issuer for the time being, and reference, without more, to action by the Directors of the Issuer shall mean action taken by the directors of the Issuer as a board, or whenever duly empowered, action by an executive committee of the board;

(e)

"*Dividends Paid in the Ordinary Course*" means dividends paid on the shares in any fiscal year of the Issuer, whether in: (1) cash; (2) shares of the Issuer; (3) warrants or similar rights to purchase any shares of the Issuer; or (4) property or other assets of the Issuer; provided that the amount or value of such dividends (any such shares, warrants or similar rights, or property or other assets so distributed to be valued at the fair market value of such shares, warrants or similar rights, or property or other assets, as the case may be, as determined by action by the Directors (such determination to be conclusive)), does not in such fiscal year exceed the greatest of:

(i)

150% of the aggregate amount of dividends declared payable by the Issuer on the shares in the period of twelve consecutive months ended immediately prior to the first day of such fiscal year; and

(ii)

100% of the consolidated net income of the Issuer before extraordinary items for the period of twelve consecutive months ended immediately prior to the first day of such fiscal year less the amount of all dividends payable on all shares ranking prior to or on a parity with the shares in respect of the payment of dividends (such consolidated net income, extraordinary items and dividends to be shown in the audited consolidated financial statements of the Issuer for such period of twelve consecutive months or if there are no audited consolidated financial statements for such period, computed in accordance with generally accepted accounting principles, consistent with those applied in the preparation of the most recent audited consolidated financial statements of the Issuer);

(f)

"*herein*", "*hereby*" and similar expressions refer to these Terms and Conditions as the same may be amended or modified from time to time; and the expressions "Article" or "Section" followed by a number refer to the specified Article or Section of these Terms and Conditions;

(g)

"*Issuance Date*" means that date on which the Issuer issued the Warrants;

(h)

Edgar Filing: - Form

"*person*" means an individual, Issuer, partnership, trustee or any unincorporated organization, and any words importing persons have a similar meaning;

(i)

"*shares*" means the no par value shares in the capital of the Issuer as constituted at the Issuance Date and any shares resulting from any subdivision or consolidation of the shares;

(j)

"*Time of Expiry*" means 4:00 p.m. (Vancouver time) on June 4, 2004;

(k)

"*Transfer Agent*" means Pacific Corporate Trust Company at its office located at the 10<sup>th</sup> Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8;

(l)

"*Warrants*" means the Warrants of the Issuer issued and presently authorized, as set out in Section 2.01 and for the time being outstanding, and any other warrants made subject to these Terms and Conditions;

(m)

"*Warrant Holders*" or " *Holders*" means the registered holders of the Warrants for the time being;

(n)

"*Warrant Holders' Request*" means an instrument signed in one or more counterparts by Warrant Holders entitled to purchase in the aggregate not less than 25% of the aggregate number of shares which could be purchased pursuant to all the Warrants outstanding for the time being, requesting the Issuer to take some action or proceeding; and

(o)

words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

Section 1.02 - Interpretation Not Affected by Headings

The division of these Terms and Conditions into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect their construction or interpretation.

Section 1.03 - Applicable Law

The Warrants will be construed in accordance with the laws of British Columbia and will be treated in all respects as British Columbia contracts.

Section 2.01 - Issue of Warrants

Warrants entitling the Holders thereof to purchase an aggregate of up to 1,082,500 shares are authorized to be issued by the Issuer on the basis of an issue of 2,165,000 Warrants where two Warrants are required to purchase one share of the Issuer.

Page 212 of 251

---

Section 2.02 - Additional Warrants

Nothing contained herein shall preclude the Issuer from time to time to make further equity or debt offerings and sell additional shares, warrants or grant options or similar rights to purchase shares of its capital stock.

Section 2.03 - Issue in Substitution for Lost Warrants

(a)

Subject to Section 2.03(b), if a Warrant is mutilated, lost, destroyed or stolen, the Issuer shall issue and deliver a new Warrant of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated Warrant, or in lieu of, and in substitution for such lost, destroyed or stolen Warrant, and the substituted Warrant will be entitled to the benefit of these Terms and Conditions and rank equally in accordance with its terms with all other Warrants issued or to be issued by the Issuer.

(b)

The applicant for the issue of a new Warrant will bear the cost of its issue and in case of loss, destruction or theft, furnish to the Issuer such evidence of ownership and of loss, destruction or theft of the Warrant so lost, destroyed or stolen, as will be satisfactory to the Issuer in its discretion, and such applicant may also be required to furnish indemnity in amount and form satisfactory to the Issuer in its discretion, and will pay the reasonable charges of the Issuer in connection with such issuance of a new Warrant.

Section 2.04 - Warrant Holder Not a Shareholder

The holding of a Warrant will not constitute the Holder a member of the Issuer, nor entitle him to any right or interest except as expressly provided in the Warrant and herein.

**ARTICLE THREE - OWNERSHIP AND TRANSFER**

Section 3.01 - Exchange of Warrants

(a)

Warrants in any authorized denomination may, upon compliance with the reasonable requirements of the Issuer, be exchanged for Warrants in any other authorized denomination, of the same class and date of expiry, entitling the Holder to purchase an equal aggregate number of shares at the same subscription price and on the same terms as the Warrants so exchanged.



(b)

Warrants may be exchanged only at the office of the Transfer Agent and any Warrants tendered for exchange will be surrendered to the Transfer Agent and cancelled.

(c)

On exchange of Warrants, the Transfer Agent, except as otherwise herein provided, may charge a sum not exceeding \$10.00 for each new Warrant issued,

Page 213 of 251

---

and payment of such charges and of any transfer taxes or governmental or other charges required to be paid will be made by the party requesting such exchange.

Section 3.02 - Ownership of Warrants

(a)

The Issuer and Transfer Agent may deem and treat the registered holder of any Warrant as the absolute owner of such Warrant, for all purposes, and will not be affected by any notice or knowledge to the contrary.

(b)

The registered holder of any Warrant will be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Issuer and the original or any intermediate Holder and all persons may act accordingly, and the receipt of any such holder for the shares will be a good discharge to the Issuer and the Transfer Agent for the same and neither the Issuer nor the Transfer Agent will be bound to inquire into the title of any such holder.

Section 3.03 - Transfer of Warrants

The Warrants are non-transferable.

Section 3.04 - Notice to Warrant Holders

Any notice to be given to Warrant Holders will be deemed to be validly given if delivered or sent by ordinary post addressed to such Warrant holders at the addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively given on the date of delivery or, if mailed, on the seventh business day following the date of mailing.

**ARTICLE FOUR - EXERCISE OF WARRANTS**

Section 4.01 - Method of Exercise of Warrants

The right to purchase shares conferred by the Warrants may be exercised, before the Time of Expiry, by the Holder of such Warrant surrendering it, with a duly completed and executed subscription in the form attached thereto and cash or a certified cheque or money order payable to or to the order of the Issuer, at par in Vancouver, British Columbia, for the purchase price applicable at the time of surrender in respect of the shares subscribed for in lawful money of Canada, to the Transfer Agent at its principal office in the City of Vancouver.

Section 4.02 - Effect of Exercise of Warrants

As soon as practicable, but in any event within three business days, after surrender and payment, and subject to the terms and conditions set forth herein, the Issuer will cause to be delivered to the person or persons in whose name or names the

Page 214 of 251

---

shares subscribed for are to be issued as specified in such subscription or mailed to him or them at his or their respective addresses specified in such subscription, a certificate or certificates for the appropriate number of shares not exceeding those which the Warrant Holder is entitled to purchase pursuant to the Warrant surrendered. Upon issuance, such person or persons shall be deemed to have become the holder or holders of record of such shares on the date of surrender and payment.

Section 4.03 - Subscription for Less than Entitlement

The Holder of any Warrant may subscribe for and purchase a number of shares less than the number which he is entitled to purchase pursuant to the surrendered Warrant. In the event of any purchase of a number of shares less than the number which can be purchased pursuant to a Warrant, the Transfer Agent will issue a new Warrant in respect of the balance of the shares which the Holder was entitled to purchase pursuant to the surrendered Warrant and which were not then purchased.

Section 4.04 - Warrants for Fractions of Shares

## Edgar Filing: - Form

No fractional shares shall be issued upon exercise of these Warrants. If any fractional interest in a share would, except for the provisions of the first sentence of this Section 4.04, be deliverable upon the exercise of a Warrant, the number of shares to be issued to the Warrant Holder upon exercise of the Warrant shall be rounded up to the next whole number.

### Section 4.05 - Expiration of Warrants

After the Time of Expiry all rights attaching to the Warrants will wholly cease and terminate and the Warrants will be void and of no effect.

### Section 4.06 - Exercise Price

The price per share which must be paid to exercise a Warrant (the "*Exercise Price*") is as prescribed by resolution of the Board of Directors of the Issuer and set forth on the face of the Warrant certificate subject to adjustment as provided for herein.

### Section 4.07 - Adjustment of Subscriptions Rights and Exercise Price

The Exercise Price and the number of shares deliverable upon the exercise of the Warrants will be subject to adjustment in the events and in the manner following:

(a)

Share Reorganization. If prior to the Time of Expiry the Issuer shall:

(i)

issue shares without the receipt of any consideration therefor to all or substantially all of the holders of the shares by way of stock dividend or other distribution (other than as dividends paid in the common course ("*Dividends Paid in the Common Course*")), or

Page 215 of 251

---

(ii)

subdivide its outstanding shares into a greater number of shares; or

(iii)

consolidate its outstanding shares into a lesser number of shares,

(any of such events in these clauses (i), (ii) and (iii) being called a "*Share Reorganization*"), then the Exercise Price shall be adjusted as of the effective date or record date, as the case may be, at which the holders of shares are determined for the purpose of the Share Reorganization by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which shall be the number of shares outstanding as of the effective date or record date after giving effect to such Share Reorganization.

(b)

Rights Offering. If prior to the Time of Expiry the Issuer shall fix a record date for the issue of rights, options or warrants to all or substantially all of the holders of shares under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue ("*Rights Period*"), to subscribe for or purchase shares at a price per share to the holder of less than 95% of the Current Market Price for the shares on such record date (any of such events being called a "*Rights Offering*"), then the Exercise Price shall be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Exercise Price in effect immediately prior to the end of the Rights Period by a fraction:

(i)

the numerator of which shall be the aggregate of:

A.

the number of shares outstanding as of the record date for the Rights Offering; and

B.

a number determined by dividing (1) the product of the number of shares issued or subscribed during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such shares are offered by (2) the Current Market Price of the shares as of the record date for the Rights Offering; and

(ii)

the denominator of which shall be the number of shares outstanding after giving effect to the Rights Offering and including the number of shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

Any Warrant Holder who shall have exercised his right to purchase shares in accordance with Article 4 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period therefor shall, in addition to the shares to which he is otherwise entitled upon such exercise in accordance with

Article 4, be entitled to that

number of additional shares equal to the result obtained when the difference, if any, resulting from the subtraction of the Exercise Price as adjusted for such Rights Offering pursuant to this subsection (b) from the Exercise Price in effect immediately prior to the end of such Rights Offering is multiplied by the number of shares purchased upon exercise of the Warrants held by such Warrant Holder during such period, and the resulting product is divided by the Exercise Price as adjusted for such Rights Offering pursuant to this subsection 4.7(b); provided that the provisions of Article 4 shall be applicable to any fractional interest in any share to which such Warrant Holder might otherwise be entitled under the foregoing provisions of this subsection 4.7(b). Such additional shares shall be deemed to have been issued to the Warrant Holder immediately following the end of the Rights Period and a certificate for such additional shares shall be delivered to such Warrant Holder within ten business days following the end of the Rights Period.

(c)

Special Distribution. If prior to the Time of Expiry the Issuer shall issue or distribute to all or to substantially all the holders of the shares:

(i)

securities of the Issuer including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or property or assets and including evidences of its indebtedness; or

(ii)

any property or other assets;

and if such issuance or distribution does not constitute Dividends Paid in the Ordinary Course, a Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "*Special Distribution*"), the Exercise Price shall be adjusted effective immediately after the record date at which the holders of affected shares are determined for purposes of the Special Distribution to a price determined by multiplying the Exercise Price in effect on such record date by a fraction:

(iii)

the numerator of which shall be:

A.

the product of the number of shares outstanding on such record date and the Current Market Price of the shares on such record date; less

B.

the excess, if any, of (1) the fair market value on such record date, as determined by action by the Directors (whose determination shall be conclusive), to the holders of the shares of such securities or property or other assets so issued or distributed in the Special Distribution over (2) the fair market value of the consideration received therefor by the Issuer from the holders of the shares, as determined by action by the Directors (whose determination shall be conclusive); and

(iv)

the denominator of which shall be the number of shares outstanding on such record date multiplied by the Current Market Price of the shares



on such record date.

(d)

Capital Reorganization. If prior to the Time of Expiry there shall be a reclassification of shares at any time outstanding or a change of the shares into other shares or into other securities (other than a Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Issuer with or into any other Issuer or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding shares or a change of the shares into other securities), or a transfer of the undertaking or assets of the Issuer as an entirety or substantially as an entirety to another Issuer or other entity (any of such events being herein called a "*Capital Reorganization*"), any Warrant Holder who exercises his right to purchase shares pursuant to Warrant(s) then held after the effective date of such Capital Reorganization shall be entitled to receive, and shall accept for the same aggregate consideration in lieu of the number of shares to which such holder was theretofore entitled upon such exercise the aggregate number of shares, other securities or other property which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Warrant Holder had been the registered holder of the number of shares to which such holder was theretofore entitled upon exercise of the Warrant subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in Section 4.07 hereof, provided, however, that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken to so entitle the Warrant Holders. If determined appropriate by the Issuer, acting reasonably, appropriate adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 4 with respect to the rights and interests thereafter of Warrant Holders to the end that the provisions set forth in this Article 4 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustments shall be made by and set forth in terms and conditions supplemental hereto approved by action by the Directors and by the Issuer, acting reasonably and shall for all purposes be conclusively deemed to be appropriate adjustments.

(e)

If prior to the Time of Expiry a Share Reorganization shall occur which results in an adjustment in the Exercise Price pursuant to the provisions of this Section 4.07, the number of shares purchasable pursuant to each whole Warrant shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of shares theretofore purchasable on the exercise thereof by a fraction the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

Section 4.08 - Rules Regarding Calculation of Adjustment of Exercise Price and Number of shares Purchasable upon Exercise

For the purposes of Section 4.07:

(a)

The adjustments provided for in Section 4.07 are cumulative, and shall, in the case of adjustments to the Exercise Price, be computed to the nearest

---

Page 218 of 251

---

one-tenth of one cent and shall be made successively whenever an event referred to therein shall occur, subject to the following subsections of this Section 4.08.

(b)

No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least 1.5% in the prevailing Exercise Price and no adjustment shall be made in the number of shares purchasable upon exercise of a Warrant unless it would result in a change of at least one one-tenth of a share; provided, however, that any adjustments which, except for the provisions of this subsection 4.08(b) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(c)

Subject to the prior consent of the Canadian Venture Exchange, no adjustment in the Exercise Price or in the number of shares purchasable upon exercise of Warrants shall be made in respect of any event described in Section 4.07, other than the events referred to in clauses (ii) and (iii) of subsection (a) thereof, if Warrant Holders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrant Holders had exercised their Warrants prior to or on the effective date or record date of such event.

(d)

No adjustment in the Exercise Price shall be made pursuant to Section 4.07 in respect of the issue from time to time:

(i)

of shares purchasable on exercise of the Warrants; or

(ii)

in respect of the issue from time to time as Dividends Paid in the Ordinary Course of shares to holders of shares who exercise an option or election to receive substantially equivalent dividends in shares in lieu of receiving a cash dividend;

and any such issue shall be deemed not to be a Share Reorganization.

(e)

If a dispute shall at any time arise with respect to adjustments provided for in Section 4.07, such dispute shall be conclusively determined by the Issuer's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action by the Directors and any such determination shall be binding upon the Issuer and the Warrant Holders; such auditors or accountants shall be provided access to all necessary records of the Issuer. In the event that any such determination is made, the Issuer shall deliver a certificate to the Warrant Holders describing such determination.

(f)

In case the Issuer after the date of issue of the Warrants shall take any action affecting the shares, other than action described in Section 4.07, which in the opinion of the Directors of the Issuer would materially affect the rights of

Warrant Holders, the Exercise Price or the number of shares purchasable upon exercise shall be adjusted in such manner, if any, and at such time, by action by the Directors, in their sole discretion as they may determine to be equitable in the circumstances, but subject in all cases to the prior approval of the TSX Venture Exchange and to all other necessary

regulatory approvals. Failure of the taking of action by the Directors so as to provide for an adjustment on or prior to the effective date of any action by the Issuer affecting the shares shall be conclusive evidence that the Board of Directors of the Issuer has determined that it is equitable to make no adjustment in the circumstances.

(g)

If the Issuer shall set a record date to determine the holders of the shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of shares purchasable upon exercise of any Warrant shall be required by reason of the setting of such record date.

(h)

In the absence of a resolution of the Directors fixing a record date for a Special Distribution or Rights Offering, the Issuer shall be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

(i)

As a condition precedent to the taking of any action which would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exercise Price and the number or class of shares or other securities which are to be received upon the exercise thereof, the Issuer shall take any corporate action which may, in the opinion of counsel to the Issuer, be necessary in order that the Issuer have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which all the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions

thereof.

Section 4.09 - Postponement of Subscription

In any case in which this Article 4 shall require that an adjustment shall be effective immediately after a record date for an event referred to herein, the Issuer may defer, until the occurrence of such an event:

(a)

issuing to the Holder of any Warrant exercised after such record date and before the occurrence of such event, the additional shares issuable upon such exercise by reason of the adjustment required by such event; and

(b)

delivering to such Holder any distributions declared with respect to such additional shares after such Exercise Date and before such event;

provided, however, that the Issuer shall deliver to such Holder an appropriate instrument evidencing such Holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of shares purchasable on the exercise of any Warrant to such distributions declared with respect to any additional shares issuable on the exercise of any Warrant.

Section 4.10 - Notice of Adjustment of Exercise Price and Number of shares Purchasable Upon Exercise

(a)

At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exercise Price and the number of shares which are purchasable upon the exercise thereof, or such longer period of notice as the Issuer shall be required to provide holders of shares in respect of any such event, the Issuer shall give notice to the Warrant Holders by way of a certificate of the Issuer specifying the particulars of such event and, if determinable, the required adjustment and the computation of such adjustment.

(b)

In case any adjustment for which a notice in subsection 4.10(a) of this Section 4.10 has been given is not then determinable the Issuer shall promptly after such adjustment is determinable, give notice to the Warrant Holders of the adjustment and the computation of such adjustment.

Section 4.11 - Legending of Warrants and shares

(a)

The Holder of any Warrants hereby agrees and consents by acceptance hereof that the certificate or certificates representing such Warrants shall be impressed with a legend (the "*Legend*") reciting that the transfer thereof is restricted for a prescribed period (the "*Restricted Period*"), substantially in the following form:

*"THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS FOR A PERIOD OF UP TO ONE YEAR FROM THE DATE OF ISSUANCE UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT*

*OR THE LAWS OF ANY STATE, AND WILL BE ISSUED PURSUANT TO REGULATION S, WHICH IS AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE UNITED STATES OR TO U.S. PERSONS PRIOR TO THE END OF A ONE-YEAR PERIOD COMMENCING ON THE LATER OF (I) THE DATE THE SECURITIES ARE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR (II) THE DATE OF THE FINAL CLOSING OF THE OFFERING OF THE SECURITIES BY THE ISSUER, UNLESS SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION (A) IS MADE IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S OR (B) IS MADE PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION UNDER THE 1933 ACT. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE DEEMED "RESTRICTED SECURITIES" UNDER RULE 905 OF REGULATION S AND UNDER RULE 144 OF THE 1933 ACT. AFTER A ONE-YEAR PERIOD HAS ELAPSED AS SET OUT ABOVE, A PURCHASER OF SECURITIES REPRESENTED BY THIS CERTIFICATE MAY OFFER, SELL, TRANSFER, PLEDGE OR HYPOTHECATE SUCH SECURITIES IN THE UNITED STATES OR TO U.S. PERSONS PURSUANT TO THE PROVISIONS OF RULE 144(E) OF THE 1933 ACT (WHICH IS MORE COMMONLY KNOWN AS THE "DRIBBLE OUT" PERIOD STARTING FROM THE 13<sup>TH</sup> MONTH TO THE 24<sup>TH</sup> MONTH OF OWNERSHIP OF SUCH SECURITIES). THIS WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON UNLESS REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE."*

(b)

The Holder and any transferee thereof acknowledges by acceptance hereof that if any Warrants are exercised during the Restricted Period, the certificate or certificates representing the shares issuable upon such exercise shall also be impressed with the Legend set forth above unless counsel reasonably acceptable to the Issuer delivers an unqualified opinion that such Legend need not be imposed.

## **ARTICLE FIVE - COVENANTS BY THE ISSUER**

### Section 5.01 - Reservation of Shares

The Issuer will reserve and there will remain unissued out of its authorized capital a sufficient number of shares to satisfy the rights of purchase in the Warrants should the Holders of all the Warrants from time to time outstanding determine to exercise such rights in respect of all shares which they are or may be entitled to purchase pursuant thereto.

**ARTICLE SIX - MEETING OF WARRANT HOLDERS**

Section 6.01 - Right to Convene Meeting

(a)

The Issuer may at any time and from time to time, and will on receipt of a Warrant Holder's Request and upon being indemnified to its reasonable satisfaction by the Warrant Holders signing such Warrant Holder's Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrant Holders.

(b)

If the Issuer fails, within 15 days after receipt of such Warrant Holder's Request and indemnity, to give notice convening a meeting, such Warrant Holders may convene such meeting.

(c)

Every such meeting will be held in the City of Vancouver, Province of British Columbia, unless required by law to be held elsewhere in Canada.



Section 6.02 - Notice

At least 30 days' notice of any meeting will be given by the Issuer to the Warrant Holders. Such notice will state the time when and the place where the meeting is to be held and will state briefly the general nature of the business to be transacted, but it will not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article.

Page 222 of 251

---

Section 6.03 - Chairman

Some person nominated in writing by the Issuer will be Chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Warrant Holders present in person or by proxy will choose some person present to be Chairman.

Page 223 of 251

---

Section 6.04 - Quorum

Subject to the provisions of Section 6.12, at any meeting of the Warrant Holders a quorum will consist of Warrant Holders present in person or by proxy and entitled to purchase at least 25% of the aggregate number of shares which could be purchased pursuant to all the then outstanding Warrants of the class, provided that at least two persons entitled to vote are personally present. If a quorum of the Warrant Holders is not present within half-an-hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrant Holders, or on a Warrant Holder's

request, will be dissolved; but in any other case the meeting will be adjourned to the same day in the next week (unless such day is a non-business day, in which case it will be adjourned to the next following business day) at the same time and place. At the adjourned meeting the Warrant Holders present in person or by proxy will form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not be entitled to purchase at least 25% of the aggregate number of shares which can be purchased pursuant to all of the then outstanding Warrants.

Section 6.05 - Power to Adjourn

The Chairman of any meeting at which a quorum of the Warrant Holders is present may with the consent of the meeting adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 6.06 - Show of Hands

Every question submitted to a meeting will be decided in the first place by a majority of the votes given on a show of hands. At any such meeting, unless a poll is demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority will be conclusive evidence of the fact.

Section 6.07 - Poll

## Edgar Filing: - Form

On any question submitted to a meeting and after a vote by show of hands, when demanded by the Chairman or by one or more of the Warrant Holders acting in person or by proxy and entitled to purchase in the aggregate at least 5% of the aggregate number of shares which could be purchased pursuant to all the Warrants for the time being outstanding, a poll will be taken in such manner as the Chairman will direct. Questions other than extraordinary resolutions will be decided by a majority of the votes cast on the poll.

### Section 6.08 - Voting

On a show of hands every person who is present and entitled to vote, whether as a Warrant Holder or as proxy for one or more absent Warrant Holders or both, will have one vote. On a poll each Warrant Holder present in person or represented by proxy duly appointed by instrument in writing will be entitled to one vote in respect of each share which he is entitled to purchase pursuant to the Warrant or Warrants then held by him. A proxy need not be a Warrant Holder.

### Section 6.09 - Regulations

The Issuer may from time to time make or vary such regulations as it will think fit:

(a)

for the issue of voting certificates by any bank, trust company or other depository, certifying that specified Warrants have been deposited with it by a named Holder and will remain on deposit until after the meeting, which voting certificate will entitle the Holders to be present and vote at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the holders so named in such voting certificates were the actual bearers of the Warrants specified therein;

(b)

for the deposit of voting certificates or instruments appointing proxies at such place and time as the Issuer or the Warrant Holders convening the meeting, as the case may be, may in the notice convening the meeting direct;

(c)

for the deposit of voting certificates or instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held, and enabling particulars of such voting certificates or instruments appointing proxies to be mailed, cabled or telegraphed before the meeting to the Issuer at the place where the same is to be held, and for the voting of proxies so deposited as though the instruments themselves were produced at

the meeting; and

(d)

for the form of the instrument of proxy.

Any regulations so made will be binding and effective and the votes given in accordance therewith will be valid and will be counted. Save as such regulations may provide, the only persons who will be recognized at any meeting as the Holder of any Warrants, or as entitled to vote or be present at the meeting in respect thereof, will be persons who produce Warrants at the meeting.

Section 6.10 - Issuer May Be Represented

Edgar Filing: - Form

The Issuer, by its officers and Directors and the legal advisors of the Issuer, may attend any meeting of the Warrant Holders, but will have no vote as such.

Section 6.11 - Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions hereof or by law, the Warrant Holders at a meeting will have the following powers, exercisable from time to time by extraordinary resolution:

(a)

to enforce any of the covenants on the part of the Issuer contained in the Warrants, or to enforce any of the rights of the Warrant Holders in any manner specified in such extraordinary resolution, or to refrain from enforcing any such covenant or right;

(b)

to waive any default on the part of the Issuer in complying with any provision hereof either conditionally or upon any conditions specified in such extraordinary resolution; and

(c)

to consent to any amendment of the provisions of these Terms and Conditions.

Section 6.12 - Meaning of "Extraordinary Resolution"

(a)

The Expression "*extraordinary resolution*" when used herein means, subject as hereinafter in this Section and in Section 6.15 provided, a resolution proposed at a meeting of Warrant Holders duly convened for that purpose, and held in accordance with the provisions in this Article contained at which there are present, in person or by proxy, Warrant Holders entitled to purchase at least 25% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants, and passed by the affirmative votes of Warrant Holders entitled to purchase not less than 75% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants represented at the meeting and voted upon such resolution.

Page 226 of 251

---

(b)

If, at any such meeting called for the purpose of passing an extraordinary resolution, Warrant Holders entitled to purchase 25% of the aggregate number of shares which can be purchased pursuant to all the then outstanding Warrants are not present in person or by proxy within half-an-hour after the time appointed for the meeting, then the meeting, if convened by Warrant Holders or on a Warrant Holder's Request, will be dissolved; but in any other case it will stand adjourned and the provisions of Section 6.04 will *mutatis mutandis* apply.

#### Section 6.13 - Powers Cumulative

Any one or more of the powers or any combination of the powers to be exercisable by the Warrant Holders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time will not be deemed to exhaust the right of the Warrant Holders to exercise such power or powers or combination of powers then or any power or powers or combination of powers thereafter from time to time.

Section 6.14 - Minutes

Minutes of all resolutions and proceedings at every such meeting will be made and duly entered in books to be from time to time provided for that purpose by the Issuer, and any such minutes, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, or by the Chairman of the next succeeding meeting of the Warrant Holders, will be *prima facie* evidence of the matters stated and until the contrary is proved, every such meeting, in respect of the proceedings of which minutes will have been made, will be deemed to have been duly convened and held, and all resolutions passed or proceedings taken, to have been duly passed and taken.

Section 6.15 - Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article at a meeting of Warrant Holders will be binding upon all Warrant Holders.

Section 6.16 - Status of Warrant Holders

The Holders of Warrants of a particular class will not be entitled as such to attend or vote at a meeting of the Holders of Warrants of another class, and any action taken at a meeting of the Holders of Warrants of a particular class will in no way affect the rights of the Holders of the Warrants of another class.

**ARTICLE SEVEN - MODIFICATION OF TERMS, MERGER, SUCCESSORS**

Section 7.01 - Modification of Terms for Certain Purposes

From time to time the Issuer may, and it will, when so directed by these presents, modify these Terms and Conditions, for any one or more or all of the following purposes:

(a)

giving effect to any extraordinary resolution passed as provided in Article 6;

(b)

adding to or altering these provisions in respect of the registration and transfer of Warrants making provision for the exchange of Warrants of different denominations; and making any modification in the form of the Warrants which does not affect their substance;

(c)

for any other purpose, including the correction or rectification of any ambiguous, defective provisions, errors or omissions herein; and

(d)

to evidence any succession of any corporation and the assumption by any successor of the covenants of the Issuer and in the Warrants contained as provided in this Article.



Section 7.02 - No Extension of Expiry Date

Notwithstanding Section 7.01, no modification will be made to the Time of Expiry without the prior consent of both the TSX Venture Exchange and the British Columbia Securities Commission.

Section 7.03 - Issuer May Consolidate, etc. on Certain Terms

Nothing will prevent any consolidation, amalgamation or merger of the Issuer with or into any other corporation or corporations, but the corporation formed by such consolidation or into which such merger will have been made will be a corporation organized and existing under the laws of Canada or of the United States of America, or any Province, State, District or Territory thereof, and will, simultaneously with such consolidation, amalgamation or merger assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Issuer.

Section 7.04 - Successor Issuer Substituted

In case the Issuer is consolidated, amalgamated or merged with or into any other corporation or corporations, the successor corporation formed by such consolidation or amalgamation, or into which the Issuer will have been merged, will succeed to and be substituted for the Issuer hereunder. Such changes in phraseology and form (but not in substance) may be made in the Warrants as may be appropriate in view of such consolidation, amalgamation or merger.

EXHIBIT 4.20 AGENCY AGREEMENT

**First Associates Investments Inc.**

Suite 2200

440 - 2nd Avenue S.W.

Calgary AB T2P 5E9

April , 2003

STOCKGROUP INFORMATION SYSTEMS INC.

500 - 750 W. Pender Street

Vancouver, British Columbia

V6C 2T7

**Attention: Mr. Marcus New, Chief Executive Officer**

Dear Sir:

**Re: Short Form Offering Document of Units**

We understand that Stockgroup Information Systems Inc. (the "Corporation") wishes to issue and sell by way of private placement in Alberta and British Columbia (the "Offering Jurisdictions") up to 5,400,000 units ("Units") of the Corporation at \$0.37 per Unit ("Offering Price") by way of short form offering document under Alberta Securities Commission Blanket Order 45-507 (the "Alberta Blanket Order") and Instrument 45-509 of the British Columbia Securities Commission (the "BC Instrument") and in accordance with Policy 4.6 (the "Exchange Policy") of the TSX Venture Exchange Inc. (the "Exchange"). Each Unit will consist of one Common Share of the Corporation ("Unit Share") one-half of one Common Share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share ("Warrant Share") at \$0.75 per share for a period of 12 months from the Closing Date.

## **ARTICLE 1 DEFINITIONS**

### **1.1**

#### **Definitions**

In this Agreement, the following words and phrases shall have the following meanings:

(a)

**"Agent"** means First Associates Investments Inc.;

(b)

**"Agent's Commission"** means a commission equal to 8% of the gross dollar value of Units sold under the Offering;

(c)

**"Agent's Option"** means an option, substantially in the form of the Option Agreement attached hereto, to purchase that number of Units equal to 10% of the number of Units sold under the Offering at \$0.37 per Unit, at any time and from time to time until 24 months from the Closing Date;

(d)

**"Agent's Option Share"** means a Common Share included in a Unit issuable on exercise of the Agent's Option;

(e)

**"Agent's Option Warrant"** means a Warrant included in a Unit issuable on exercise of the Agents' Option;

(f)

Edgar Filing: - Form

"**Agent's Warrant Share**" means a Common Share issuable on exercise of an Agent's Option Warrant;

(g)

"**Alberta Act**" means the *Securities Act* (Alberta);

Page 230 of 251

---

(h)

"**Alberta Rules**" means the rules under the Alberta Act;

(i)

"**Applicable Securities Laws**" means applicable securities laws, regulations, rules and policies in the Offering Jurisdictions;

(j)

"**BC Act**" means the *Securities Act* (British Columbia);

(k)

"**BC Rules**" means the Rules under the BC Act;

(l)

"**Closing Date**" means the date or dates the Corporation and the Agent agree upon as the date or dates for closing of the issue and sale of the Units, such date or dates not to be later than 60 days after acceptance of the Short Form by the Exchange;

(m)

"**Common Shares**" means Common Shares of the Corporation as presently constituted;

(n)

"**Corporation**" means Stockgroup Information Systems Inc.;

(o)

Edgar Filing: - Form

"**Current AIF**" means a "current AIF" as defined in Multilateral Instrument 45-102 *Resale of Securities*;

(p)

"**Financial Statements**" means the audited and/or unaudited financial statements of the Corporation together with the notes thereto incorporated by reference into the Short Form;

(q)

"**Incorporated Documents**" means the Current AIF, the Corporation's most recent audited financial statements and all quarterly interim financial statements, news releases disclosing material changes and material change reports, as applicable, filed since the Current AIF;

(r)

"**Material Contract**" means any contract entered into by the Corporation that can reasonably be regarded as presently material to a Subscriber;

(s)

"**Offering**" means the offering of Units contemplated herein;

(t)

"**Offering Period**" means the period commencing on the earliest of the date hereof and the date that the Short Form is certified and ending on the earlier of:

(i)

the date that all of the Units are sold,

(ii)

60 days from the Exchange's acceptance of the Offering, and

(iii)

the date that the Agent and the Corporation agree that the Offering shall terminate;

(u)

"**Public Record**" means all information filed by the Corporation with any securities commission or stock exchange in compliance or intended compliance with applicable laws or the rules, regulations, or policies of such securities commission or stock exchange;

(v)

Edgar Filing: - Form

**"Purchasers"** means Subscribers who purchase Units under the Offering;

(w)

**"Qualifying Issuer"** means a "qualifying issuer" as defined in Multilateral Instrument 45-102 *Resale of Securities*;

(x)

**"Short Form"** means the Corporation's "Short Form Offering Document" under the Exchange Policy, the Alberta Blanket Order and the BC Instrument in relation to the Offering;

Page 231 of 251

---

(y)

**"Subscribers"** means prospective purchasers who subscribe to purchase Units under the Offering;

(z)

**"Subsequently Triggered Report"** means a material change report required to be filed under Applicable Securities Laws as a result of a material change in the affairs of the Corporation that occurs after the date of the Short Form is certified but before the purchaser enters into a Subscription Agreement;

(aa)

**"Time of Closing"** means 10:00 a.m., Calgary time, or such other time as the Agent and the Corporation may agree upon, on the Closing Date;

(bb)

**"Warrants"** means the Common Share purchase warrants included in the Units and, where the context permits, includes the Agent's Option Warrants; and

(cc)

**"Warrant Shares"** means, collectively, Common Shares issuable on exercise of Warrants and, where the context permits, includes Agent's Warrant Shares.

The terms "misrepresentation", "material change" and "material fact" shall have the meanings ascribed thereto under the Applicable Securities Laws and "distribution" or "distribution to the public", as the case may be, shall also have the

meaning as defined under the Applicable Securities Laws and "distribute" has a corresponding meaning. The terms "this agreement", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to the agreement of the parties set forth herein and not to any particular paragraph or other portion of this agreement;

**ARTICLE 2**  
**APPOINTMENT OF AGENT**

The Corporation appoints the Agent as its sole and exclusive agent to offer the Units for sale in the Offering Jurisdictions on a "best efforts" private placement basis.

**2.1**

**Sub-agents**

The Agent shall be entitled to retain other registered securities dealers as sub-agents in connection with the Offering. The commission payable to such sub-agents shall be solely for the account of the Agent.

**2.2**

**Agent's Fees and Commission**

In consideration for the services that have been and are to be provided by the Agent hereunder, the Corporation shall pay the Agent a non-refundable due diligence administration fee of \$20,000 plus GST, of which \$10,000 plus GST shall, if not already paid, be paid on execution of this Agreement and the balance of \$10,000 plus GST shall be payable at the Time of Closing.

In addition, the Corporation shall pay the Agent's Commission to the Agent and grant the Agent's Option to the Agent at the Time of Closing.

**2.3**

**Agent's Covenants**

The Agent covenants with the Corporation that it will:

(a)

use reasonable commercial efforts to obtain from Subscribers in the Offering Jurisdictions, subscriptions for all of the Units;

(b)

conduct its activities in connection with arranging for the sale of the Units in compliance with Applicable Securities Laws; and

Page 232 of 251

---

(c)

to file with the Exchange the undertaking required by section 1.1 of Appendix 4A *Due Diligence Report* to the Exchange Policies.

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION**

The Corporation represents and warrants to and covenants with the Agent and with each of the Purchasers that:

**3.1**

**Incorporation and Organization**

The Corporation has been duly incorporated and organized and is validly existing under the laws of the jurisdiction in which it was incorporated, has all requisite power and authority to carry on its business as now conducted and as presently proposed to be conducted, to own or lease and to operate its properties and assets.

**3.2**

**Subsidiaries**

The Corporation owns 100% of the issued and outstanding voting common shares of 579818 B.C. Ltd., which wholly owns Stockgroup Media Inc., a British Columbia corporation) collectively the "Material Subsidiaries"). In addition, the Corporation owns 50% of Stockscores Analytics Corp., a British Columbia corporation, all of the issued and outstanding shares of Stockgroup Systems Ltd., a Nevada Corporation and Stockgroup Australia Pty Ltd, an Australia Corporation, none of which account for a material amount of the consolidated assets, liabilities, revenues, expenses or cash flows of the corporation.

**3.3**



## **Conduct of Business**

The Corporation and each of its Material Subsidiaries is conducting its business in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on, is duly licensed, registered or qualified in all jurisdictions in which it owns, leases or operates property or carries on business, and is up-to-date in respect of all corporate filings under the laws of each such jurisdiction. All such licences, registrations and qualifications are valid and subsisting and in good standing, except in respect of matters which do not and will not, either individually or collectively, result in any material adverse change to the business, business prospects or condition (financial or otherwise) of the Corporation taken as a whole.

### **3.4**

#### **Authorized and Issued Capital**

The authorized and issued capital of the Corporation is as set out in the Short Form and the Incorporated Documents.

### **3.5**

#### **Obligations to Issue Securities**

No person, firm or corporation has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Corporation except as set out in the Short Form.

### **3.6**

#### **Financial Statements**

The Financial Statements have been prepared in accordance with generally accepted accounting principles of the United States, applied on a basis consistent with prior periods, are correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Corporation as at the respective dates of the Financial Statements and the sales, earnings and results of operations of the Corporation for the respective periods covered

### 3.7

#### **No Material Changes**

Except as disclosed in the Short Form:

(a)

there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation from the position set forth in the Short Form and the Incorporated Documents;

(b)

there has not been any material change in the business, operations or condition (financial or otherwise) or results of operations of the Corporation from that set forth in the Short Form and the Incorporated Documents; and

(c)

to the knowledge of the Corporation there is no state of facts which is likely to result in any such material change.

### 3.8

#### **Transactions with Insiders**

None of the directors or senior officers of the Corporation, any holder of more than 10% of its outstanding Common Shares or any associate or affiliate of any of the foregoing persons or companies as such terms are defined in the *Securities Act (Alberta)* has, or has had any material interest, direct or indirect, in any continuing or existing material transaction or has any material interest, direct or indirect, in any proposed material transaction which, as the case may be, is material to or will materially affect the Corporation, except as disclosed in the Short Form and the Incorporated Documents.

### 3.9

#### **Taxes**

The Corporation has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes that are due and payable, and all assessments, reassessments, governmental charges, penalties, interest and fines due and payable by it. There are no actions, suits, proceedings, investigations or claims pending or, to the knowledge of the Corporation threatened against, the Corporation in respect of taxes, governmental charges or assessments, nor are any material matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority. The income tax liability of the Corporation has been assessed by the applicable governmental authority for all fiscal years up to and including the fiscal year ended December 31, 2001, and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by, or payment of any tax, governmental charge or deficiency against, the Corporation or for

the assessment or reassessment of any tax return filed by the Corporation.

### **3.10**

#### **Litigation**

There is no action, suit, proceeding or investigation (whether or not purportedly by or on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation at law or in equity or before or by any federal, provincial, state, municipal, or other governmental department, commission, board or agency, domestic or foreign, which in any way materially adversely affects the Corporation or the condition (financial or otherwise) of the Corporation or which affects or may affect the Offering, and the Corporation is not aware of any ground on which any such action, suit, proceeding or investigation might be commenced with any reasonable likelihood of success.

### **3.11**

#### **No Defaults**

The Corporation is not in default under or in breach of any material mortgage, note, indenture, contract, agreement, instrument, lease or other document to

which the Corporation is a party or by which it is bound or of any material judgment, decree, order, statute, rule or regulation applicable to the Corporation.

### **3.12**

#### **No Cease Trading Orders**

No securities commission or similar regulatory authority or stock exchange has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation and no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened.

### **3.13**

**Reporting Issuer Status**

The Corporation is a "reporting issuer" under the Applicable Securities Laws and under the securities laws of the United States and does not have similar status under the laws of any other jurisdiction.

**3.14**

**Public Record**

The information and statements in the Public Record were true, correct and complete and did not contain any misrepresentation as of the date of such information or statement. There is no material change in the affairs of the Corporation which requires disclosure under applicable laws, regulations, rules or policies or which has been disclosed on a confidential basis and which has not been generally disclosed to the public.

**3.15**

**Exchange Listing**

The Corporation's Common Shares are listed and posted for trading on the Exchange.

**3.16**

**Transfer Agent and Registrar**

Pacific Corporate Trust Company, at its principal stock transfer office in Vancouver, is the Transfer Agent and Registrar of the Common Shares.

**3.17**

**Material Contracts**

The Corporation has provided the Agent with true and complete copies of all Material Contracts and each of the Material Contracts constitutes a legal, valid and binding agreement of the Corporation, enforceable by the Corporation in accordance with their respective terms and, to the best of the knowledge of the Corporation, neither the Corporation nor any other party thereto is in default thereunder.

**3.18**

**Power and Authority**

## Edgar Filing: - Form

The Corporation has all requisite power and authority to enter into this agreement and all other agreements contemplated hereby and to perform its obligations as set out herein and therein, and to issue the Units and the Agent's Option and under the Warrants and the Agent's Option. At the Time of Closing:

(a)

the Unit Shares will be duly and validly issued as fully paid and non-assessable shares;

(b)

the Warrants will be valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms

(c)

the Agent's Option shall be a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms;

---

Page 236 of 251

---

(d)

the Warrant Shares and Agent's Option Shares shall be duly and validly allotted and reserved for issuance upon exercise of the Warrants and the Agent's Option, as the case may be, and upon such exercise shall be issued as fully paid and non-assessable shares.

### **3.19**

#### **Authorization**

This agreement has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

### **3.20**

#### **No Other Agent**

Other than the Agent, there is no person, firm or corporation acting or purporting to act at the request of the Corporation, who is entitled to any brokerage or agency fee in connection with the transactions contemplated herein.

### 3.21

#### **No Conflict**

The execution and delivery of this Agreement by the Corporation, the performance and compliance with the terms of this Agreement or any agreement to be entered into by the Corporation hereunder, the issue and sale of the Units and the Agent's Option will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents or by-laws of the Corporation, any resolution of the Board of Directors or shareholders of the Corporation, or any mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Corporation is a party or by which it is bound or any judgment, decree, order, statute, rule or regulation applicable to the Corporation.

### 3.22

#### **Approvals**

There is no requirement to make any filing with, give any notice to or to obtain any licence, permit, certificate, registration, authorization, consent or approval of, any governmental or regulatory authority in connection with Offering other than the approval of the Exchange under the Exchange Policy and the filing of applicable reports of the issue and sale of the Units and the payment of requisite filings.

### 3.23

#### **Information Accurate**

All statements, facts, data, information and material made, furnished or provided from time to time by the Corporation to the Agent are true and correct, all material facts relating to the Corporation have been fully disclosed to the Agent and such statements, facts, data, information and material did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make any statement or fact contained therein not misleading in light of the circumstances in which it was made.

### 3.24

#### **Short Form and Incorporated Documents Correct**

The Short Form complies in all material respects with the Exchange Policy, each of the Incorporated Documents complies in all material respects with Applicable Securities Laws and neither the Short Form nor any Incorporated Document contains any misrepresentation.

**3.25**

**Eligibility for Short Form Offering**

The Corporation:

(a)

is a Qualifying Issuer;

(b)

has filed:

(i)

a Current AIF;

(ii)

all documents that it is required to file under Part 11 of the Alberta Act and the Alberta Rules, including annual and interim financial statements, news releases disclosing material changes and Material Change Reports in Form 27 under the Alberta Rules; and

(iii)

all documents that it is required to file under Part 12 of the BC Act and the BC Rules, including annual and interim financial statements, news releases disclosing material changes and material change reports.

(c)

has not completed any previous offerings by way of Short Form Offering Document under the Exchange Policy and the Alberta Blanket Order or the BC Instrument during the past 12 months, such that the gross proceeds of the previous offerings together with the gross proceeds of the Offering would exceed \$2,000,000;

(d)

has not completed any previous offerings by way of Short Form Offering Document under the Exchange Policy and the Alberta Blanket Order or the BC Instrument during the past 12 months, such that the Common Shares issued under the

## Edgar Filing: - Form

previous offerings together with the Common Shares included in the Units offered under the Offering would exceed the number of Common Shares outstanding on the later of:

- (i)  
the date the Corporation first distributed Common Shares under a Short Form Offering Document; and
- (ii)  
the date that is 12 months before the date of the Short Form.

### ARTICLE 4 COVENANTS OF THE CORPORATION

The Corporation covenants and agrees with the Agent and each of the Purchasers that:

#### 4.1

##### **Performance of Obligations**

The Corporation shall duly and punctually perform and fulfill its obligations under this Agreement.

#### 4.2

##### **Press Release and Filing**

The Corporation will, if it has not already done so:

- (a)  
immediately issue a news release announcing the Offering by Short Form Offering Document under the Exchange Policy, the Alberta Blanket Order and the BC Instrument and disclosing the amount of funds to be raised, the price per Unit, the use of proceeds and disclosing that the Agent will act as agent of the Corporation in connection with the Offering;
- (b)  
as soon as practicable, but in any event within two days of the date of the news release, file the Short Form, a copy of this Agreement and the prescribed filing fee with the Exchange; and



(c)

thereafter use its reasonable best efforts to resolve any comments of the Exchange and obtain an Exchange Bulletin indicating acceptance of the Offering.

Page 238 of 251

---

### 4.3

#### **Participation in Preparation of Documents and Due Diligence**

The Corporation shall allow the Agent at all relevant times to participate fully in the preparation of the Short Form, and allow the Agent and the Agent's counsel to conduct all due diligence which the Agent may reasonably require in order to confirm the Short Form, the Incorporated Documents and any Subsequently Triggered Reports are accurate and current in all material respects and to fulfill the Agent's obligations as an agent under the Exchange Policy, the Alberta Blanket Order and the BC Instrument.

### 4.4

#### **Delivery of Short Form**

The Corporation shall, as soon as reasonably possible, deliver to the Agent as many copies of the Short Form and any Subsequently Triggered Reports as the Agent may reasonably request and such delivery shall constitute a representation and warranty by the Corporation that as of the date of such delivery:

(a)

that the Short Form complies with the Exchange Policy, the Alberta Blanket Order and the BC Instrument;

(b)

that each Incorporated Document complied with all Applicable Securities Laws as of the respective dates that they were filed;

(c)

that the Corporation has filed all Subsequently Triggered Reports required under Applicable Securities Laws; and

(d)

that the Short Form, together with the Incorporated Documents and any Subsequently Triggered Reports filed as of such date, constitute full, true and plain disclosure of all material facts relating to the Units to the same

standard as if a prospectus had been filed under Applicable Securities Laws; and such delivery shall constitute the Agent's authority to use the Short Form in connection with Offering.

**4.5**

**Information to Agent and Subsequently Triggered Reports**

During the Offering Period the Corporation will promptly inform the Agent in writing of the full particulars of:

(a)

any material change (actual, anticipated or threatened) in the capital business, operations or condition (financial or otherwise) or assets of the Corporation;

(b)

any change in material fact contained or referred to in the Short Form or any Incorporated Document; and

(c)

the occurrence of a material fact or event which, is or may be, of such nature as to render the Short Form or any Incorporated Document untrue, false or misleading in a material respect, result in a misrepresentation in the Short Form or result in the Short Form not complying with the Exchange Policy, the Alberta Blanket Order or the BC Instrument;

provided the Corporation shall in good faith discuss with the Agent any change in circumstances (actual, proposed or prospective) which is of such a nature that there is

reasonable doubt whether notice in writing need be given to the Agent pursuant to the foregoing provisions; and

(d)

any request by any securities commission or similar regulatory authority for any additional information or for an amendment to the Short Form, any Incorporated Document or any part of the Public Record;

(e)

the issuance by any securities commission or similar regulatory authority, the Exchange or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and

(f)

the receipt by the Corporation of any communication from any securities commission or similar regulatory authority, the Exchange or any other competent authority relating to the Offering or any part of the Public Record.

With respect to any material change, occurrence or event of the nature referred to above the Corporation will promptly file, in accordance with Applicable Securities Laws, a Subsequently Triggered Report and provide the Agent with as many copies thereof as the Agent may reasonably request and such delivery shall constitute a representation and warranty of the Corporation that the Short Form, together with the Incorporated Documents and any previously filed Subsequently Triggered Reports, constitute full, true and plain disclosure of all material facts relating to the Units to the same standard as if a prospectus had been filed under Applicable Securities Laws and such delivery shall also constitute the Agent's authority to use the Subsequently Triggered Report in connection with Offering.

#### 4.6

##### **Maintain Status as Reporting Issuer**

The Corporation will use its best efforts to maintain its status as a reporting issuer, not in default of Applicable Securities Laws in the Offering Jurisdictions for not less than two years from the Closing Date.

#### **ARTICLE 5**

##### **RIGHT OF FIRST REFUSAL**

Provided that at least \$1,000,000 of Units are sold, the Corporation hereby grants to the Agent a right of first refusal, to participate up to 50% as co-agent or selling group member in connection with any future Canadian equity financing or Canadian portion of any U.S. offering by the Corporation for which the Corporation elects to use a licensed broker/dealer or other intermediary, for a period of 12 months from the Closing Date. The Agent shall have fifteen (15) business days from receipt of written notice of any such financing to exercise such right on the specific financing for which written notice was received. In the event that the Agent does not elect to accept a co-agency or selling group relationship for that financing, the Corporation is free to negotiate with any other securities firm or agent for such financing, provided that the Agent's right of first refusal contained herein shall nevertheless continue to apply with respect to any future such equity financing undertaken by the Corporation within the balance of the said 12 months. For purposes of this section, "equity financing" includes a debt financing where such debt is capable of being converted into equity securities of the Corporation.

#### **ARTICLE 6**

##### **CONDITIONS OF THE OFFERING**

The following are conditions of the Agent's obligations (and those of the Purchasers) to close the purchase of the Units as contemplated hereby, which conditions the Corporation covenants to exercise its reasonable commercial efforts to have fulfilled at or prior to Time of Closing, and which conditions may be waived in writing in whole or in part by the Agent on its own behalf and on behalf of the Purchasers:

**6.1**

**Regulatory Approvals**

At or prior to the Time of Closing, the Corporation shall have obtained all requisite regulatory approvals required to be obtained by the Corporation in respect of the Offering on terms mutually acceptable to the Agent.

**6.2**

**Compliance**

At or prior to the Time of Closing, the Corporation shall have fully complied with all relevant statutory and regulatory requirements required to be complied with prior to the Time of Closing in connection with the Offering.

**6.3**

**Stock Exchange Listing**

The Unit Shares, Warrant Shares and Agent's Option Shares shall have been accepted (subject to the usual conditions) for listing by the Exchange and will, as soon as possible following their issue, be posted for trading on the Exchange.

**6.4**

**Corporate Action**

At or prior to the Time of Closing, the Corporation shall have taken all necessary corporate action to authorize and approve this Agreement, the issuance of the Units, the Agent's Option and all other matters relating thereto.

**6.5**

**Officer's Certificate**

## Edgar Filing: - Form

At the Time of Closing, the Corporation shall deliver to the Agent, an officer's certificate, in form and substance satisfactory to counsel for the Agent, signed by the President of the Corporation, dated the Closing Date, addressed to the Agent certifying:

(a)

that the representations and warranties contained in this Agreement are true and correct at and as at the Time of Closing, after giving effect to the transactions contemplated hereby;

(b)

that the Corporation has complied with all covenants and satisfied all the conditions contained herein on its part to be performed or satisfied at or prior to the Closing Date;

(c)

that the Short Form, together with the Incorporated Documents and any Subsequently Triggered Reports filed as of such date, constitute full, true and plain disclosure of all material facts relating to the Units to the same standard as if a prospectus had been filed under Applicable Securities Laws;

(d)

since the date of the Short Form, there has been no Material Change in the affairs of the Corporation which has not been disclosed by the filing of a Subsequently Triggered Report; and

(e)

addressing such other matters as the Agent or their counsel may reasonably request.

## 6.6

### Legal Opinion

The Corporation will have caused a favourable legal opinion to be delivered by counsel acceptable to the Agent, addressed to the Agent, Agent's counsel and the Purchasers substantially in the form and substance of the draft opinion attached and addressing such other matters as the Agent may reasonably request relating to the Offering, acceptable in all reasonable respects to the Agent and its counsel. In giving the opinions contemplated above, counsel to the Corporation shall be entitled, where appropriate to rely upon the opinion of local counsel as to the laws of any jurisdiction

where the Corporation's counsel is not qualified and, as to matters of fact not within their knowledge, a certificate of facts from responsible persons in a position to have knowledge of such facts and their accuracy. The Corporation's counsel shall be entitled to rely, as to the opinion expressed as to outstanding securities, upon a certificate of the Corporation's registrar and transfer Agent, and a certificate of an officer of the Corporation.

**ARTICLE 7  
CLOSING**

The Offering will be completed at the offices of the Agent, in the City of Calgary, or such other place agreeable to the Corporation and the Agent at the Time of Closing on the Closing Date.

**ARTICLE 8  
CLOSING DELIVERIES**

At the Time of Closing, the Corporation shall deliver to the Agent on behalf of the Purchasers:

(a)

certificates for Common Shares and Warrants duly registered as the Agent may direct representing the Units;

(b)

the requisite legal opinion and certificate as contemplated above; and

(c)

such further documentation as may be contemplated herein or as the Agent, or any applicable regulatory authorities may reasonably require,

against payment of the purchase price for the Units by certified cheques or bank drafts payable to the Corporation.

The Corporation will, at the Time of Closing and upon such payment of the purchase price, make payment in full of the Agent's fees and Agent's Commission in the prescribed manner and issue the Agent's Option to the Agent. In addition, the Corporation shall reimburse the Agent for all of its estimated expenses incurred up to the Closing Date upon the delivery by the Agent to the Corporation of one or more invoices therefor, subject to any adjustment when such actual expenses are finally determined.

**ARTICLE 9  
MISCELLANEOUS**

All terms and obligations of the Corporation in this agreement shall be construed as conditions and any breach or failure to comply with any such terms and obligations in the Agent's favour shall entitle the Agent to terminate its

obligation to complete the sale of the Units by written notice to that effect given to the Corporation prior to the Time of Closing. It is understood that the Agent may waive in whole or in part, or extend the time for compliance with, any such conditions without prejudice to the Agent's rights in respect of any such conditions or any other subsequent breach or non-compliance, provided that to be binding on the Agent, any such waiver or extension must be in writing.

**ARTICLE 10**  
**TERMINATION**

Without limiting the foregoing, and in addition to any other remedies which may be available to the Agent, the Agent shall be entitled, at its option, to terminate and cancel, without any liability on its part, its obligations under this agreement, and on behalf of the Purchasers, without any liability on their part, their obligations to purchase the Units, by giving written notice to the Corporation at any time up to the Time of Closing:

(a)

if any inquiry, investigation, or other proceeding (whether formal or informal) is commenced or any order issued under or pursuant to any statute

Page 242 of 251

---

or there is any change of law or the interpretation or administration thereof, which in the Agent's reasonable opinion, operates to prevent or restrict the trading in or distribution of any securities of the Corporation or which materially adversely affects the ability of the Corporation to carry on business;

(b)

if there shall occur any material adverse change in any of the representations, warranties or covenants of the Corporation given in this agreement (other than a change related solely to the Agent), which in the Agent's reasonable opinion would be reasonably expected to have a significant adverse effect on the market price or value of the Units;

(c)

if there should develop, occur or come into effect any occurrence of national or international consequence, any material change or material fact (as such terms are defined in the Applicable Legislation) in the affairs of the Corporation or any event or state of facts or any action, governmental regulation, or other occurrence of any nature whatsoever which, in the Agent's reasonable opinion, adversely affects, or may adversely affect, financial markets, the business of the Corporation or the market price or value of any of the securities of the Corporation, such that, in the Agent's opinion, the Units

cannot be profitably marketed;

(d)

if the state of the financial markets is such that the Units cannot, in the Agent's opinion, be profitably marketed; or

(e)

if the results of the Agent's due diligence investigations are not satisfactory to the Agent in its sole discretion.

The Agent shall make reasonable efforts to give notice to the Corporation (in writing or by other means) of the occurrence of any of the foregoing events provided that neither the giving nor the failure to give such notice will in any way affect the Agent's entitlement to exercise this right at any time up to the Time of Closing. The rights of termination contained in the foregoing paragraphs are in addition to any other rights or remedies it may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this agreement. If the Agent's obligations are terminated under this agreement pursuant to this termination right, the Corporation's liabilities to the Agent shall be limited to the Corporation's obligations under the indemnity, contribution and expense reimbursement provisions of this Agreement.

## **ARTICLE 11**

### **INDEMNITY**

#### **11.1**

##### **Indemnity**

The Corporation covenants and agrees to indemnify the Agent, and its directors, officers, employees and agents (individually, an "Indemnified Party" and collectively, the "Indemnified Parties"), against all losses (other than loss of profits), claims, damages, liabilities, costs or expenses caused or incurred in connection with this Agreement or the distribution of the Units by reason of:

(a)

any of the representations or warranties of the Corporation contained in this Agreement being untrue;

(b)

any breach of any of the covenants of the Corporation contained in this Agreement;

(c)

the Corporation not complying with any requirement of any applicable statute, law, rule or regulation; or



(d)

any order made or inquiry, investigation or proceeding commenced or threatened by any securities commission or other competent authority not based entirely upon the activities or the alleged activities of the Agent.

To the extent that any Indemnified Party is not a party to this agreement, the Agent shall obtain and hold the right and benefit of the above-noted indemnity in trust for and on behalf of such Indemnified Party.

## 11.2

### **Indemnity Procedures**

If any matter or thing contemplated by this section shall be asserted against any Indemnified Party in respect of which indemnification is or might reasonably be considered to be provided, such Indemnified Party shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel acceptable to such Indemnified Party and that no settlement may be made by the Corporation or such Indemnified Party without the prior written consent of the other, acting reasonably. In any such claim, such Indemnified Party shall have the right to retain other counsel to act on such Indemnified Party's behalf provided that the fees and disbursements of such other counsel shall be paid by such Indemnified Party, unless: (i) the Corporation and such Indemnified Party mutually agree to retain other counsel; or (ii) such Indemnified Party has been advised in writing by its counsel that the representation of the Corporation and such Indemnified Party by the same counsel would be inappropriate due to actual or potential differing interests between them. In either such event, the fees and disbursements of such other counsel shall be paid by the Corporation, to the extent that they have been reasonably incurred.

## **ARTICLE 12 CONTRIBUTION**

In the event that the indemnity provided for above is declared by a court of competent jurisdiction to be illegal or unenforceable as being contrary to public policy or for any other reason, the Agent and the Corporation shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities (except loss of profits or consequential damages) of the nature provided for above such that the Agent shall be responsible for that portion represented by the percentage that the portion of the Agent's Commission payable by the Corporation to the Agent bears to the net proceeds realized from the Offering (being the amount of the gross proceeds realized from the Offering less than an amount equal to the Agent's Commission) and the Corporation shall be responsible for the balance, provided that, in no event, shall the Agent be responsible for any amount in excess of the portion of the

Agent's Commission actually received by the Agent. In the event that the Corporation may be held to be entitled to contribution from the Agent under the provisions of any statute or law, the Corporation shall be limited to contribution in an amount not exceeding the lesser of: (a) the portion of the full amount of losses, claims, costs, damages, expenses, liabilities, giving rise to such contribution for which the Agent is responsible, as determined above, and (b) the amount of the Agent's Commission actually received by the Agent. Notwithstanding the foregoing, a party guilty of fraudulent misrepresentation shall not be entitled to contribution from the other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against such party or in respect of which a claim for contribution may be made against the other party under this section, notify such party from whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable under this agreement unless such notice shall have been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this section. The right to contribution provided in this section shall be in addition and not in derogation of any other right to contribution which we may have by statute or otherwise by law.

**ARTICLE 13**  
**WAIVER OF CONTRIBUTION**

The Corporation hereby waives its right to recover contribution from the Agent with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Short Form, the Incorporated Documents or the Subsequently Triggered Reports provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of: (i) any misrepresentation which is based upon information relating solely to the Agent and contained in such document and furnished to the Corporation by the Agent expressly for inclusion in such document; or (ii) any failure by the Agent to provide to prospective purchasers of Units any document which the Corporation is required to provide to such prospective purchasers and which the Corporation has provided to the Agent to forward to such prospective purchasers; or (iii) any failure by the Agent to comply with the terms hereof.

**ARTICLE 14**  
**EXPENSES**

All reasonable expenses incurred from time to time in connection with the Offering including, without limitation, all costs of or incidental to the sale, issue or distribution of the Units, the reasonable fees and expenses of Agent's counsel, and to all matters in connection with the transactions herein set forth shall be borne by the Corporation; provided that, the fees of the Agent's counsel shall not exceed \$7,500 without the prior approval of the Corporation. The Corporation covenants and agrees to fully reimburse the Agent and its counsel from time to time, for all such reasonable expenses, immediately upon the receipt of one or more invoices therefor and acknowledges that it shall remain bound by this obligation, whether or not the Offering is completed.

**ARTICLE 15**

**SURVIVAL OF CORPORATION'S WARRANTIES, REPRESENTATIONS, COVENANTS AND AGREEMENTS**

All warranties, representations, covenants and agreements of the Corporation herein contained or contained in documents submitted or required to be submitted pursuant to this agreement shall survive the purchase by the Purchasers of the Units and shall continue in full force and effect for the Agent's benefit and the benefit of the Subscribers regardless of the closing of the sale of the Units and regardless of any investigation which may be carried on by the Agent or the Purchasers or on their behalf.

**ARTICLE 16**

**SURVIVAL OF AGENT'S WARRANTIES, REPRESENTATIONS,  
COVENANTS AND AGREEMENTS**

All warranties, representations, covenants and agreements of the Agent herein contained shall survive the purchase by the Subscribers and shall continue in full force and effect for a period of two years from the Closing Date for the Corporation's benefit regardless of the closing of the sale of the Units and regardless of any investigation which may be carried on by the Corporation.

**ARTICLE 17**

**NOTICES**

Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by telecopier, as follows:

Page 245 of 251

---

**if to the Corporation:**

Stockgroup Information Systems Inc.

500 - 750 W. Pender Street

Vancouver, British Columbia

V6C 2T7

Attention: Marcus New

Telecopier Number: (604)331-1194

**or if to the Agent:**

**with a copy to:**

First Associates Investments Inc.

Suite 2200

440 - 2nd Avenue S.W.

Calgary AB T2P 5E9

Parlee McLaws LLP

3400 Petro-Canada Centre

150-6<sup>th</sup> Avenue S.W.

Calgary, Alberta T2P 3Y7

Attention: Manager

Attention: James D. Thomson

Telecopier Number: (403) 269-7870

Telecopier Number: (403) 294-7021

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or telecopier number.

**ARTICLE 18  
ENTIRE AGREEMENT**

This agreement and the other documents herein referred to constitute the entire agreement between the parties relating to the subject matter hereof and supersede all prior agreements between the parties hereto with respect to their respective rights and obligations in respect of the Offering.

**ARTICLE 19  
SEVERABILITY**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this agreement, but this agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained therein.

**ARTICLE 20  
GOVERNING LAW**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta. The parties agree that the Courts of Alberta shall have exclusive jurisdiction over any disputes, termination or breach of any kind or nature whatsoever arising out of or in connection with this Agreement.

**ARTICLE 21  
TIME OF ESSENCE**

Time shall be of the essence of this Agreement.

**ARTICLE 22  
COUNTERPARTS**

This agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of a counterpart of this agreement by facsimile transmission shall have the same effect as delivery of an executed original counterpart.

Page 246 of 251

---

If this agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Corporation, please communicate your acceptance by executing where indicated below and returning one originally executed copy.

Yours very truly,

**FIRST ASSOCIATES INVESTMENTS INC.**

Per: \_\_\_\_\_

Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to.

Accepted at \_\_\_\_\_, \_\_\_\_\_, as of the \_\_\_\_ day of \_\_\_\_\_, 2003.

**STOCKGROUP INFORMATION**

**SYSTEMS INC.**

per: \_\_\_\_\_

Authorized Signing Officer

Page 247 of 251

---

**SHARE OPTION AGREEMENT**

THIS AGREEMENT is made as of the day of \_\_\_\_\_, 2003.

BETWEEN:

**STOCKGROUP INFORMATION SYSTEMS INC.** a corporation with an office in the City of Vancouver, British Columbia (the "Corporation")

- and -

**FIRST ASSOCIATES INVESTMENTS INC.**, a corporation with an office in the City of Calgary, Alberta (the "Agent")

WHEREAS the pursuant to an Agency Agreement dated , 2003 between the Corporation and the Agent, (the "Agency Agreement") the Corporation has agreed to grant to the Agent an option to purchase up to but not exceeding Units of the Corporation in consideration of the Agent's services performed under the Agency Agreement;

NOW THEREFORE in consideration of the premises, mutual covenants and agreements herein and therein contained, this agreement witnesses that and it is understood and agreed by and between the parties hereto as follows:

**1.**

**Grant of Option**

Subject to the provisions hereinafter contained, the Corporation hereby grants to the Agent an irrevocable non-transferable option (the "Option") to purchase up to but not exceeding Units (the "Optioned Units") as presently constituted, at a price of at the purchase price of \$0.40 per Unit.

**2.**

**Term of Option**

The Agent may exercise the Option on or before 4:30 p.m., Calgary time on , after which time all rights granted hereunder shall terminate.

**3.**

**Manner of Exercise**

The Agent may exercise the Option in whole or in part, at any time and from time to time, on or prior to the Expiry Time, by notice in writing given by the Agent to the Corporation at its address for notice set out in the Agency Agreement, specifying the number of Optioned Units in respect of which it is exercised and accompanied by payment in cash or certified cheque for the purchase price of all of the Optioned Units specified in such notice, calculated in accordance with Section 1 hereof.

**4.**

**Security Certificates**

Upon exercise of the Option, the Corporation shall or shall cause the transfer agent and registrar of the Corporation to deliver to the Agent, or as the Agent may otherwise in writing direct in the notice of exercise of option, within seven (7) days following the receipt by the Corporation of payment for the number of Optioned Units in respect of which the Option has been exercised, a certificate or certificates representing in the aggregate the number of Agent's Option Shares and Warrants for which payment has been received by the Corporation.

**5.**

**No Rights of Shareholder Until Exercise**

The Agent shall have no rights whatsoever as a shareholder or warrant holder (including any rights to receive dividends or any other distribution to shareholders or

Page 248 of 251

---

to vote at a general meeting of shareholders of the Corporation, except as provided in Section 8 hereof) other than in respect to Optioned Units in respect of which the Agent shall have exercised its right to purchase hereunder and which the Agent shall have actually taken up and paid for.

**6.**

**Non-Transferable**

The rights conferred upon the Agent hereunder shall be non-transferable and non-tradeable.

**7.**

**No Fractional Securities**

No fractional Common Shares will be issued on exercise of this Option, or any compensation made for such fractional Common Shares, if any.



**8.**

**Adjustments in Event of Change in Common Shares**

In the event, at any time or from time to time, of a subdivision, consolidation or reclassification of the share capital of the Corporation, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation prior to the exercise by the Agent, in full, of the Option granted herein, the Option with respect to any Optioned Units which have not been purchased hereunder at the time of any such change to the capital of the Corporation shall be proportionately adjusted so that the Agent shall from time to time, upon the exercise of the Option thereafter, be entitled to receive the number and kind of securities which the Agent would have held following such change in the capital of the Corporation if the Agent had purchased the Optioned Units and had held such Optioned Units immediately prior to such change in the capital of the Corporation.

**9.**

**Merger, Amalgamation or Sale**

If, during the term of the Option, the Corporation shall become merged or amalgamated into or with any other corporation or shall sell the whole or substantially the whole of its assets and undertaking for shares or other securities of another corporation, the Corporation will make provision that, upon the exercise of the Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Agent shall receive, for the same consideration paid on the exercise of the Option, such number of shares or other securities of the continuing or successor corporation in such merger or amalgamation or of the securities or shares of the purchasing corporation as it would have received as a result of such merger, amalgamation or sale if the Agent had purchased the Optioned Units immediately prior thereto and had held such Optioned Units on the effective date of such merger, amalgamation or sale. Upon such provision being made, the obligation of the Corporation to the Agent in respect of its Optioned Units then remaining subject to the Option shall terminate and be at an end.

**10.**

**Reservation of Securities**

The Corporation shall at all times, during the term of this Agreement, reserve and keep available a sufficient number of unissued Common Shares to satisfy the requirements hereof.

**11.**

**Entire Agreement**

This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof and represents the entire agreement between the parties relating to the subject matter hereof.

Page 249 of 251

---

**12.**

**Enurement**

Except as otherwise set forth herein, this Agreement shall be binding upon and enure to the benefit of the respective successors and assigns of the Agent and of the Corporation.

**13.**

**Time**

Time shall be of the essence of this Agreement.

**14.**

**Definitions**

Words and phrases not otherwise defined herein shall have the meanings ascribed to them in the Agency Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed and delivered this Agreement as of the day and year first above written.

**STOCKGROUP INFORMATION**

**SYSTEMS INC.**

Per: \_\_\_\_\_

**FIRST ASSOCIATES INVESTMENTS INC.**

Per: \_\_\_\_\_

Page 250 of 251

---

**EXHIBIT 5.1 CONSENT AND OPINION OF LEGAL COUNSEL**

**COPY**

FAEGRE & BENSON LLP

**COPY**

2500 REPUBLIC PLAZA, 370 SEVENTEENTH STREET

DENVER, COLORADO 80202-4004

TELEPHONE 303.607.3500

FACSIMILE 303.607.3600

[www.faegre.com](http://www.faegre.com)

WILLIAM J. CAMPBELL

wcampbell@faegre.com

303/820-0630

October 1, 2003

Stockgroup Information Systems Inc.

750 West Pender Street, Suite 500

Vancouver, BC V6C 2T7

Canada

RE:

Registration on Form SB-2

Ladies and Gentlemen:

You have requested our opinion as special counsel for Stockgroup Information Systems Inc., a Colorado corporation, in connection with your registration statement on Form SB-2 under the Securities Act of 1933, as amended, and the rules and regulations promulgated under the Securities Act, for an offering by certain selling shareholders of up to an aggregate of 11,431,245 shares of Stockgroup's common stock. Certain of the shares to be offered by the selling shareholders underlie warrants held by the selling shareholders and will not be issued until and unless the warrants are exercised.

We have examined Stockgroup's Form SB-2 filed with the Securities and Exchange Commission on or about October 1, 2003. We have also examined the Amended and Restated Articles of Incorporation of Stockgroup, as amended and on file with the Secretary of State of the State of Colorado, as well as the bylaws, selected minutes of the Board of Directors of Stockgroup, and other documents as we have deemed necessary to provide a basis for the opinion expressed herein. We have also consulted with officers and directors of Stockgroup to clarify, confirm, or supplement the foregoing documentation. In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the conformity to original documents of documents submitted to us by way of electronic copy, the authenticity of the originals of all such copies, and the completion, due execution and delivery of all

Edgar Filing: - Form

documents where completion, due execution and/or delivery are a prerequisite to the effectiveness thereof.

Based on the foregoing, it is our opinion that the shares of Stockgroup common stock and warrants to purchase Stockgroup common stock that have been issued previously and are offered for sale by the selling shareholders in this registration were legally and validly issued and are fully paid and non-assessable; and that the shares of Stockgroup common stock that underlie warrants, when issued in accordance with the terms of the warrants, will be legally and validly issued and fully paid and non-assessable.

This opinion is limited to the federal laws of the United States of America and the laws of the State of Colorado.

We consent to the filing of this opinion as an exhibit to the registration statement and consent to the use of our name under the caption "Legal Matters" in the prospectus.

Sincerely,

FAEGRE & BENSON LLP

By: /s/ William J. Campbell

William J. Campbell

EXHIBIT 23.1 CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated February 24, 2003 in the Pre-Effective Amendment No. 1 to the Registration Statement and related Prospectus of Stockgroup Information Systems Inc. for the registration of 11,431,245 shares of its common stock.

/s/ ERNST & YOUNG LLP

Vancouver, Canada,

September 29, 2003.

Chartered Accountants