

**BOARD OF DIRECTORS**

Brian Craig  
John D.Kenny  
Marcos Lopez

**ISSUED AND OUTSTANDING  
COMMON SHARES:**

12,855,338

**TRADING SYMBOL ON THE  
CANADIAN VENTURE  
EXCHANGE:**

"SUM"



SOLIUM  CAPITAL inc.

2001  
Third Quarter  
Report to  
Shareholders

September 30,  
2001

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**MESSAGE TO SHAREHOLDERS**

Dear Shareholders,

The economic downturn coupled by the tragic events of September 11th have resulted in slower than expected sales and the delay of some of the strategic initiatives we started this summer. We have, however, made good progress in our sales efforts, as our e-SOAP client base now exceeds 6,000 participants, representing 14 corporate clients. This includes the two most recently signed contracts with Synsorb Biotech Inc. and Fording Inc. Additionally, we are experiencing strong renewed interest in our service with the potential of closing at least three significant prospects before the end of January 2002.

Solium has also made good progress in ensuring we are in a strong position to weather this economic downturn and to capitalize on the anticipated turnaround in the new year. Over the past few months we have rationalized non-productive assets, reduced monthly operating costs by approximately 50%, and have completed a private placement via a debt for equity swap for \$100,000. These measures have enhanced our working capital position and reduced the ongoing burn rate. We will continue to actively review operations with the objective to reduce the net burn rate even further.

The management team and Board members of Solium are confident that the strategic financing, operating and sales initiatives we have taken will provide the foundation for enhanced shareholder value.

We thank you for your commitment to Solium and we welcome any comments and questions you may have.

**Review of Financial Results**

The net loss for the quarter ended September 30, 2001 was \$885,388, an increase of \$237,154 from the loss in the same quarter of 2000. This change is attributable to an increase in expenses, somewhat offset by an increase in revenue.

Revenue for the quarter ended September 30, 2001 totaled \$80,543 compared to \$33,500 for the corresponding period in 2000, and \$125,370 for the year to date compared to \$57,165 for the same period in 2000. Third quarter revenue in 2001 included \$60,943 of corporate services revenue derived from fees generated from 12 corporate clients which were implemented throughout the period. These clients will continue to generate recurring revenue on an ongoing basis. Revenue in 2000 was comprised solely of interest revenue.

Expenses totaled \$965,931 for the third quarter of 2001 and \$2,856,971 for the nine months ended September 30, 2001, compared to \$681,734 and \$1,416,918 in the comparable periods in 2000. The increase in costs represents increased salaries and wages and general and administration costs associated with approximately 14 people added during 2000. Since the third quarter, staffing has been decreased by ten people. Development costs totaled \$226,124 for the third quarter in 2001 as compared to \$211,208 for the same quarter in 2000. These costs represent programming completed to stabilize the e-SOAP platform such that, since the third quarter, development costs could be scaled back by more than 75%.

Cash on hand at September 30, 2001 was \$1,016,118, inclusive of approximately \$600,000 of unencumbered capital which must be maintained for regulatory purposes in connection with the Online brokerage operations.

"signed" John Kenny  
President and CEO

"signed" Lynn Leong  
Chief Financial Officer

November 29, 2001



# SOLIUM CAPITAL INC.

## CONSOLIDATED STATEMENT OF LOSS AND DEFICIT (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	Sept 30, 2001	Sept 30, 2000	Sept 30, 2001	Sept 30, 2000
<b>REVENUE</b>				
Corporate services	60,943	-	65,279	-
Brokerage commissions	5,332	-	13,942	-
Interest and other	14,268	33,500	46,149	57,165
	<u>80,543</u>	<u>33,500</u>	<u>125,370</u>	<u>57,165</u>
<b>EXPENSES</b>				
Salaries and wages	369,640	268,418	1,059,673	545,068
General and administrative	299,284	181,539	851,735	320,860
Development costs	226,124	211,208	733,400	516,891
Amortization	40,851	20,569	118,890	34,099
Brokerage clearing costs	30,032	-	93,273	-
	<u>965,931</u>	<u>681,734</u>	<u>2,856,971</u>	<u>1,416,918</u>
<b>NET LOSS</b>	<b>885,388</b>	<b>648,234</b>	<b>2,731,601</b>	<b>1,359,753</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>4,329,313</b>	<b>758,819</b>	<b>2,483,100</b>	<b>47,300</b>
<b>DEFICIT, END OF PERIOD</b>	<b>5,214,701</b>	<b>1,407,053</b>	<b>5,214,701</b>	<b>1,407,053</b>
<b>NET LOSS PER SHARE</b>	<b>0.08</b>	<b>0.09</b>	<b>0.25</b>	<b>0.19</b>

## CONSOLIDATED BALANCE SHEET (INTERIM NUMBERS UNAUDITED)

	Sept 30, 2001	Dec 31, 2000
	<b>ASSETS</b>	
<b>CURRENT</b>		
Cash and cash equivalents	1,016,118	1,851,391
Receivables	66,964	52,785
Employee loans receivable	104,500	44,500
Prepaid expenses	72,783	46,017
	<u>1,260,365</u>	<u>1,994,693</u>
Capital assets	203,595	245,734
	<u>1,463,960</u>	<u>2,240,427</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable & accrued liabilities	420,393	511,138
Deferred revenue	56,302	-
Obligation under capital lease	16,148	-
	<u>492,843</u>	<u>511,138</u>
<b>SHAREHOLDERS' EQUITY</b>		
Special warrants	-	2,822,113
Share capital	6,185,818	1,390,276
Deficit	(5,214,701)	(2,483,100)
	<u>971,117</u>	<u>1,729,289</u>
	<u>1,463,960</u>	<u>2,240,427</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	Sept 30, 2001	Sept 30, 2000	Sept 30, 2001	Sept 30, 2000
<b>CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:</b>				
<b>OPERATING</b>				
Net loss	(885,388)	(648,234)	(2,731,601)	(1,359,753)
Adjustment for amortization	40,851	20,569	118,890	34,099
	<u>(844,537)</u>	<u>(627,665)</u>	<u>(2,612,711)</u>	<u>(1,325,654)</u>
Changes in non-cash working capital	93,972	(70,367)	(135,386)	(97,982)
	<u>(750,565)</u>	<u>(698,032)</u>	<u>(2,748,097)</u>	<u>(1,423,636)</u>
<b>FINANCING</b>				
Capital lease	(5,135)	-	16,148	-
Issuance of special warrants	-	318,439	-	2,833,620
Issuance of common shares, net of share issue costs	(80,260)	-	1,973,427	25,000
	<u>(85,395)</u>	<u>318,439</u>	<u>1,989,575</u>	<u>2,858,620</u>
<b>INVESTING</b>				
Purchase of capital assets	(16,617)	(78,506)	(76,751)	(158,748)
<b>NET INCREASE TO CASH AND CASH EQUIVALENTS</b>	<b>(852,577)</b>	<b>(458,099)</b>	<b>(835,273)</b>	<b>1,276,236</b>
<b>CASH AND CASH EQUIV'S, BEGINNING OF PERIOD</b>	<b>1,868,695</b>	<b>3,022,649</b>	<b>1,851,391</b>	<b>1,288,314</b>
<b>CASH AND CASH EQUIV'S, END OF PERIOD</b>	<b>1,016,118</b>	<b>2,564,550</b>	<b>1,016,118</b>	<b>2,564,550</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Solium Capital Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. The financial information included herein is unaudited. These interim financial statements follow the same accounting policies and methods of applications as the most recent annual financial statements dated December 31, 2000. These interim financial statements should be read in conjunction with the Company's December 31, 2000 audited annual financial statements.

### 2. FINANCIAL CONDITION

These consolidated financial statements have been prepared using the accounting principles applicable to a going concern, which assumes the Company will continue operations in the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business.

The Company's ability to continue as a going concern is principally dependent upon obtaining the necessary financing to fund ongoing activities, achieving successful sales of the Company's products and the establishment of profitable operations. If all going concern assumptions were not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities.

### 3. SUBSEQUENT EVENTS

Subsequent to September 30, 2001, the Company implemented a restructuring program that reduced the number of employees and resulted in changes to standard credit and payment terms to certain suppliers and creditors.

In November 2001, the Board approved the cancellation of 49,445 common shares as payment of an outstanding employee loan receivable from a former officer of the Company.

In November 2001, the Company granted 360,000 incentive stock options, exercisable at \$0.25 per share until November 20, 2006.

In November 2001, as part of the restructuring program, the Company closed a private placement for \$100,000 at \$0.25 per share. The private placement was in the form of a debt settlement arrangement whereby \$100,000 of current accounts payable was forgiven in exchange for the common shares.

In November 2001, legal action was initiated against the Company in the amount of approximately \$570,000 relating to the termination of two former officers of the company. The amount of future payment, if any, has not been determined. The Company is of the opinion that the claim as alleged is without merit.