NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. EMPLOYEE LOANS RECEIVABLE

During the quarter ended June 30, 2002, the Company offset $30,259 of loan receivable against severance owing to a former officer of the Company. The remaining balance of this loan receivable, $29,741, is due on July 1, 2003, and continues to be secured by 66,667 common shares of the Company.

6. CONVERTIBLE DEBENTURES AND PROMISSORY NOTES

On May 23, 2002, the Company closed a private placement for $500,000 in convertible debentures. The debentures are non-interest bearing and are convertible to common shares at the option of the holder at $0.20 per share for the first two years, and thereafter at an additional $0.05 per share for years three to five. The debentures are also convertible to preferred shares at the option of the Company at $0.20 per share.

Proceeds from the issuance of the debentures were used to pay down the promissory notes totaling $43,500, which were outstanding during the first quarter of 2002 to certain officers and a director of the Company.

7. SHARE CAPITAL

On May 23, 2002, the Company issued 1,850,000 common shares at a price of $0.20 per share by way of a private placement for gross proceeds of $370,000. 1,350,000 detachable warrants were issued in conjunction with 1,350,000 of these common shares. Each warrant is exercisable for one common share at $0.25 per share for three years.

On June 21, 2002, at the Company's Annual and Special Meeting, approval was obtained from shareholders to amend the Company's Articles of Incorporation to include authorization to issue an unlimited number of preferred shares. The preferred shares are entitled to dividends on the same basis as any dividends that may be declared on common shares.

The preferred shares are redeemable by the Company at any time after the fifth anniversary of their issuance, at $0.20 per preferred share. Upon redemption, the Company is required to pay to each holder, any accrued and unpaid dividends, and an accrued interest equivalent computed at a rate of return equal to 8% per annum for each $0.20 of preferred share, compounded annually, from the issue date.

The preferred shares are also convertible, at the option of the holder, into common shares on a one-for-one basis in the first two years after the issue date; and thereafter at $0.25 per common share in the third year, $0.30 per common share in the fourth year, and $0.35 in the fifth year after the issue date. Upon conversion, the Company is required to pay to each holder, any accrued and unpaid dividends.

8. SUBSEQUENT EVENT

On July 19, 2002, the Board of Directors approved the conversion of the convertible debentures into preferred shares. Due to the conversion, the debentures have been classified as shareholders' equity on the balance sheet at June 30, 2002.

BOARD OF DIRECTORS:
Mike Broadfoot, Brian Craig, Justin Ferrara, Shelley Kuipers, Marcos Lopez

ISSUED AND OUTSTANDING COMMON SHARES:
17,205,338

TRADING SYMBOL ON TSXV: "SUM"

2002 Second Quarter Report to Shareholders

June 30, 2002

SOLIUM CAPITAL Inc.

SOLIUM CAPITAL INC. 325 - 10 Avenue S.W. Calgary, Alberta T2R 0A5
Phone: 403-515-3910 Fax: 403-515-3933 and 403-515-3919
www.solium.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net loss from continuing operations for the second quarter of 2002 was $610,871, an improvement of $212,451 or 26% from the loss in the same quarter of 2001. The loss for the six months ended June 30, 2002 totaled $972,802 compared to $1,534,158 for the same period in the previous year, an improvement of 37%.

Revenue from corporate services for the quarter ended June 30, 2002 was $96,914 compared to only $2,854 for the corresponding period in 2001. This revenue was derived from 16 corporate clients or approximately 7,600 active participants enrolled on the *e*-SOAP system.

Revenue from consulting services was derived from existing e-commerce consulting contracts in Stormworks Ltd. Solium purchased Stormworks effective May 1, 2002. These contracts included software development, website design, website hosting and IT support services. By the end of June, the majority of these contracts were wound down as planned, and Stormworks employees were integrated into Solium's operations to focus solely on Solium's products and business plan during the quarter.

Salaries and wages for the quarter were $426,341 compared to $258,864 in the same quarter of 2001, and $606,595 for the year to date compared to $525,924 for the same period in 2001. This reflects the impact of increased staff as the business continues to grow. In addition, $108,646 related to severance expense for four individuals during the quarter. $30,259 of the severance expense was in the form of a non-cash settlement of an employee loan receivable.

General and administrative costs totaled $320,236 for the second quarter of 2002 and $538,892 for the six months ended June 30, 2002, compared to $248,914 and $427,255 in the comparable periods in 2001. The increase is attributable to an increase in insurance costs resulting from the addition of directors and officers insurance and errors and omissions insurance since the second quarter of 2001. In addition, rent costs increased at the end of June 2001 following a period of free occupancy costs under the lease.

Development costs decreased significantly in the second quarter of 2002 to $18,518 as compared to $279,213 in 2001. Year-to-date development costs decreased to $78,252 from $507,276 a year ago. This reflects the deferral of significant development activity until financing was obtained.

During the quarter, the Company closed a private placement for $500,000 in convertible debentures and $370,000 in common shares. Cash on hand at June 30, 2002 was $357,137. Working capital at June 30, 2002 was $260,398. The Company is currently in the process of raising up to an additional $400,000 through the issuance of common shares. In addition, a letter of intent was signed on June 21, 2002 to acquire all of the issued and outstanding common shares of Bitonic Solutions Inc. ("Bitonic"), the open solution software development company that has been responsible for the development of *e*-SOAP and *e*-SPP to date, for 3,250,000 common shares of the Company at $0.20 per share. It is expected that this acquisition will result in further free cash and receivables, which will be available to fund ongoing operations of the Company. The Bitonic acquisition is still subject to the approval by the TSX Venture Exchange.

Brian Craig
President and Chief Executive Officer

Lynn Leong
Chief Financial Officer

August 22, 2002

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

(unaudited)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Revenue				
Corporate services	**96,914**	2,854	**203,238**	4,336
Consulting services	**80,645**	–	**86,518**	–
	177,559	2,854	**289,756**	4,336
Expenses				
Salaries and wages	**426,341**	258,864	**606,595**	525,924
General and administrative	**320,236**	248,914	**538,892**	427,255
Development costs	**18,518**	279,213	**78,252**	507,276
Amortization	**23,335**	39,185	**38,819**	78,039
	788,430	826,176	**1,262,558**	1,538,494
Loss from continuing operations	**610,871**	823,322	**972,802**	1,534,158
Loss from discontinued operations	**–**	156,568	**113,580**	312,055
Net loss	**610,871**	979,890	**1,086,382**	1,846,213
Deficit, beginning of period	**6,374,572**	3,349,423	**5,899,061**	2,483,100
Deficit, end of period	**6,985,443**	4,329,313	**6,985,443**	4,329,313
Loss per share:				
From continuing operations	**0.04**	0.08	**0.06**	0.14
From discontinued operations	**–**	0.01	**0.01**	0.03
Net loss per share	**0.04**	0.09	**0.07**	0.17

CONSOLIDATED BALANCE SHEET

	June 30, **2002** (unaudited)	December 31, 2001 (audited)
ASSETS		
Current		
Cash and cash equivalents	**357,137**	512,207
Accounts receivable	**175,356**	30,156
Employee loans receivable	**41,832**	72,361
Prepaid expenses	**42,912**	82,010
	617,237	696,734
Capital assets	**318,304**	171,539
	935,541	868,273
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**265,507**	441,416
Deferred revenue	**91,332**	30,102
Refundable deposit	**–**	10,000
	356,839	481,518
SHAREHOLDERS' EQUITY		
Convertible debentures	**500,000**	–
Share capital	**7,064,145**	6,285,816
Deficit	**(6,985,443)**	(5,899,061)
	578,702	386,755
	935,541	868,273

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Cash flows related to the following activities:				
Operating				
Net loss from continuing operations	**(610,871)**	(823,322)	**(972,802)**	(1,534,158)
Adjustment for amortization	**23,335**	39,185	**38,819**	78,039
Adjustment for non-cash expenses	**30,529**	–	**55,529**	–
	(557,007)	(784,137)	**(878,454)**	(1,456,119)
Changes in non-cash working capital	**(281,288)**	(64,824)	**(91,172)**	(208,074)
Loss from discontinued operations	**–**	(156,568)	**(113,580)**	(312,055)
	(838,295)	(1,005,529)	**(1,083,206)**	(1,976,248)
Financing				
Repayment of refundable deposit	**–**	–	**(10,000)**	–
Repayment of promissory notes	**(43,500)**	–	**–**	–
Issuance of convertible debentures	**500,000**	–	**500,000**	–
Issuance of common shares for cash, net of issue costs	**358,329**	2,053,700	**358,329**	2,053,687
	814,829	2,053,700	**848,329**	2,053,687
Investing				
Cash acquired on purchase of subsidiary, net of acquisition costs	**58,353**	–	**58,353**	–
Proceeds on sale of subsidiary	**–**	–	**25,000**	–
Purchase of capital assets	**(3,546)**	(15,450)	**(3,546)**	(60,135)
	54,807	(15,450)	**79,807**	(60,135)
Net increase (decrease) in cash and cash equivalents	**31,341**	1,032,721	**(155,070)**	17,304
Cash and cash equivalents, beginning of period	**325,796**	835,974	**512,207**	1,851,391
Cash and cash equivalents, end of period	**357,137**	1,868,695	**357,137**	1,868,695

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 application as the most recent annual financial statements dated December 31, 2001. These interim financial statements should be read in conjunction with the Company's December 31, 2001 audited annual financial statements. Certain of the prior periods' comparative figures have been reclassified to conform to the current period's presentation.

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. DISCONTINUED OPERATIONS

Effective March 28, 2002, the Company disposed of all of the common shares of its wholly-owned subsidiary, Solium Capital Online Inc. to Tristone Capital Advisors Inc. for net proceeds of $25,000.

4. ACQUISITION

Effective May 1, 2002, the Company acquired all of the issued and outstanding shares of Stormworks Ltd. ("Stormworks"), a company providing consulting services in the area of e-commerce, for total consideration of $395,000 consisting of 1,975,000 common shares of the Company at a deemed price of $0.20 per share. Also issued as consideration were 1,250,000 detachable warrants. Each warrant entitles the holder the right to purchase one common share at $0.25 per share for a period of three years. Prior to the acquisition, Stormworks was principally owned by a director of the Company.

The net assets acquired were as follows:

	($)
Net current assets, excluding cash	**154,610**
Capital assets	**182,037**
	336,647
Cash acquired	**68,052**
Net assets acquired	**404,699**
Consideration:	
Shares issued (1,975,000 shares at $0.20)	**395,000**
Acquisition costs incurred	**9,699**
	404,699