Basis100 Inc.

ANNUAL INFORMATION FORM

December 7, 2001

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Unless otherwise indicated, all financial information in this Annual Information Form relating to Basis100 Inc. ("Basis100" of the "Company") is given as of October 25, 2001, the date of the Company's report to the shareholders on Basis100's Financial Statements for the nine months ended September 30, 2001. Unless otherwise indicated, all other information in this Annual Information Form is given as September 30, 2001, the date of the most recently completed quarter in the Company's current fiscal year.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by Reference in this Annual Information Form of Basis100:

- *Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company for the fiscal year ended December 31, 2000 contained in the 2000 Annual Report of the Company;*
- *the audited Comparative Consolidated Financial Statements of the Company as at December 31, 2000 and December 31, 1999, and for each of the fiscal years ended December 31, 2000 and 1999 and related notes thereto, together with the accompanying auditors' report;*
- *the unaudited Interim Comparative Consolidated Financial Statements of the Company as at, and for, the nine months ended September 30, 2001 and September 30, 2000 and related notes thereto, including Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company relating thereto;*
- *the Management Information Circular of the Company dated April 2, 2001 prepared in connection with the Annual and Special Meeting of Shareholders of the Company held on May 3, 2001 except the sections entitled "Report on Executive Compensation", "Performance Graph" and "Corporate Governance";*
- *the Material Change Report of the Company dated June 8, 2001 relating to a multi-year contract that the Company entered into with Royal Bank of Canada relating to the use of the Company's HomeBASE mortgage technology;*
- *the Material Change Report of the Company dated June 27, 2001 relating to the acquisition by the Company of a minority interest in CanDeal.ca Inc. ("CanDeal") in exchange for the license to use the Company's BasisXchange software;*
- *the audited Financial Statements as at December 31, 1999 and December 31, 1998, and for each of the fiscal years ended December 31, 1999 and 1998 and related notes thereto of Solimar.Net (prior to the acquisition by Basis100), together with the accompanying auditors' report included in the Final Prospectus of Basis100 filed to qualify the distribution of 5,000,000 common shares dated May 30, 2000; and*
- *the Pro-forma Consolidated Statement of Operations for the year ended December 31, 1999 and related notes thereto of Basis100 Inc., together with the accompanying compilation report included in the Final Prospectus of Basis100 filed to qualify the distribution of 5,000,000 common shares dated May 30, 2000.*

All dollar amounts herein are expressed in Canadian dollars, unless otherwise noted.

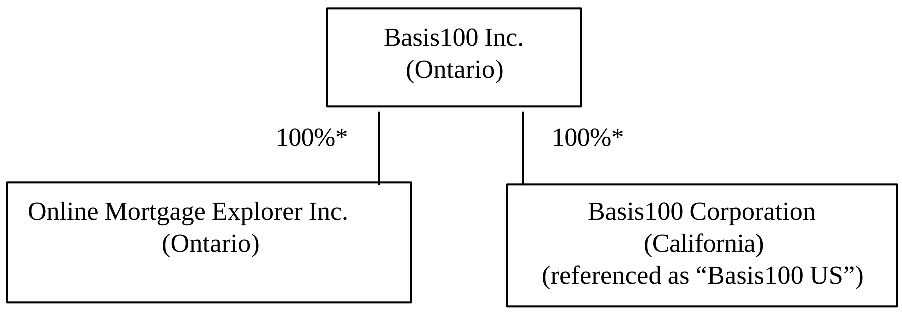
FORWARD LOOKING (SAFE HARBOUR) STATEMENT

Certain statements in this Annual Information Form constitute forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance or the outcome of litigation (often, but not always, using words or phrases such as "believes", "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken or achieved) are not statements of historical fact and may be "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements.

CORPORATE STRUCTURE

Basis100 is a company existing under the *Business Corporations Act* (Ontario) as a result of the amalgamation of e-Net Financial Services (Canada) Inc. and Autrex Inc. ("Autrex") on October 25, 1999. Immediately prior to the amalgamation, the assets and liabilities of Autrex were transferred to a wholly-owned subsidiary of Autrex and ownership of the subsidiary was transferred to the two major shareholders of Autrex such that none of the assets and liabilities of Autrex were assumed by Basis100. The Company acquired SOLIMAR.NET in the United States on February 8, 2000, and subsequently changed its name to Basis100 Corporation. On April 3, 2000, the Company filed articles of amendment to change its name from "Basis 100 Inc." to "Basis100 Inc." (removing the space between "Basis" and "100"). The Company's head and principal office is at 33 Yonge Street, Suite 900, Toronto, Ontario, M5E 1G4, Canada.

The following chart illustrates the relationship of Basis100 to its principal subsidiaries (ownership level) and indicates their respective jurisdictions of incorporation:



* Held directly or indirectly.

The Company has other subsidiaries held directly or indirectly which are dormant or non-trading.

ACQUISITIONS AND LICENSING ARRANGEMENTS

The Company has completed a number of acquisitions and licensing arrangements in the last two years. Significant investments include the following:

- **Acquisition of Interest in CanDeal**. On June 27, 2001, the Company acquired a minority interest in CanDeal. In exchange for the license to use the Company's BasisXchange software.
- **Licence of Certain General Electric Mortgage Insurance Corporation Software.** On March 22, 2000, Basis100 entered into an exclusive renewable (on a non-exclusive basis) Canadian licence for 5 years to use certain General Electric Mortgage Insurance Corporation ("GE") business rules and GE proprietary systems which incorporate GE's Omniscore® mortgage scoring model and property evaluation model, related to automated underwriting technology and data in Canada.
- **Acquisition of Basis100 Corporation.** On February 8, 2000 the Company acquired all of the shares of Basis100 US, an automated valuation technology and database systems company.
- **Licence of I-formation™ for Financial Services and Acquisition of Related Assets**. On October 25, 1999, the Company acquired a business from Cebra. The primary asset of this business is an exclusive perpetual license to software known as I-formation™, which electronically transfers the information required to originate and qualify a mortgage.
- **Licence of I-formation™ for Insurance and Acquisition of Related Assets.** On October 25, 1999, the Company acquired a business from Cebra. The assets acquired included an exclusive perpetual licence to use I-formation™ for Insurance in North America in connection with property and casualty insurance products.
- **Acquisition of the Assets of Morty Systems Inc.** On October 24, 1999, the Company

exercised its option to purchase substantially all of the assets of Morty Systems Inc. ("MSI"). As a term of the transaction, Basis100 acquired MSI's existing technology as well as agreements with 27 lenders and over 1,250 mortgage brokers and producers.

- **Acquisition of Online Mortgage Explorer Inc.** Effective January 1, 1999, the Company purchased all of the issued and outstanding common shares of e-Net Financial Services (Canada) Inc. and its subsidiary, Online Mortgage Explorer Inc. ("OME"). OME possesses the licence to the rights for the Online Mortgage Explorer software that enables individuals to apply for mortgages through a website. Throughout 1999, the Company acquired back various licenses, rights and ownerships related to the software.

Specific details of these investments and the Company's other acquisitions and investments may be found in Notes 4 – Acquisitions and 6 – Investments to the December 31, 2000 Consolidated Financial Statements of Basis100, and in the unaudited Interim Comparative Consolidated Financial Statements of the Company for the nine months ended September 30, 2001 and related notes thereto, which are specifically incorporated herein by reference.

GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

Basis100 is an e-commerce technology solutions provider for financial institutions and service providers enabling them to build, distribute, buy and sell their products and services in new ways. Basis100 is focused on the mortgage origination, consumer credit, fixed income trading, and service vendor markets across North America. Basis100's customers and potential customers are financial institutions, intermediaries and service providers in the mortgage, securitization and fixed income e-commerce marketplaces.

Basis100's strategy is to develop and implement a suite of browser-based mortgage products e-commerce technology solutions designed to automate mortgage/credit processing for financial institutions and intermediaries, as well as develop technologies to facilitate the trading of financial service products. The Company is currently introducing these products in stages.

On February 8, 2000, the Company completed its acquisition of Basis100 US, a California company, which provides automated residential property valuations.

COMPANY BUSINESS MODEL AND STRATEGY

Basis100's business model is based on a number of key business trends that the Company believes are driving e-commerce. The Company believes that:

- The Internet will not replace intermediaries such as mortgage brokers and financial planners. Rather, it will increase the number of intermediaries, particularly in the financial services sector.
- The complexity of financial services products is increasing to a level beyond the ability of most consumers to understand them. Although technology enables consumers to be better informed, the Company believes consumers will increasingly rely on intermediaries to help them understand the information they are receiving and sort through the volumes of information that the Internet is able to provide.
- The desire of businesses to "own the customer" is driving the need for electronic delivery of services and the need for complete, single event transactions. A single event transaction might be the purchase of a house that requires the broker to source the mortgage lender, mortgage insurer, banker, lawyer and related services. Financial service providers will need to deliver the complete set of services.
- The outsourcing of information technology and delivery services is becoming more common among financial institutions. By outsourcing to experts, financial institutions can focus on their own core competencies and avoid costly mistakes in sectors where they may have limited expertise.
- With pressure being placed on financial institutions' information technology budgets, large

infrastructure initiatives may not be feasible.

- Complexity of network computing technology is very high, and expertise does not always exist or may not be justified within the financial institutions.
- New channels are rapidly increasing and the existing legacy systems may not be designed to handle multiple channels.

Basis100 is focusing initially on establishing solutions for the mortgage/credit and fixed income securities markets. The Company is building upon its existing relationships in those industries and developing the solutions to meet the needs of those industries. Basis100's strategy is to create cross-selling opportunities around purchase transactions to enhance value and return for financial institutions and their trading partners. Basis100 believes its solutions will enable financial institutions to reduce mortgage origination and processing costs and access information more quickly, allowing them to respond to customers more quickly and effectively, which may lead to incremental revenues and increased profitability.

Management believes that the benefits of the Company's end-to-end mortgage solution to business customers include the following:

- The connection of institutions, intermediaries and consumers who were previously not adequately connected;
- The creation of a new level of real-time interactivity that is more efficient than older, paper-based mortgage origination processes;
- The ability to enable financial institutions to create product differentiation in the market more quickly; and
- A success-based transaction model means that customers get access to a sophisticated managed service but only pay when they use it.

NARRATIVE DESCRIPTION OF THE BUSINESS

Basis100 offers or plans to offer products and services in two primary markets for e-commerce:

- mortgage/credit origination and processing, and
- fixed income trading.

The Company presently provides mortgage/credit origination and processing products and services in two geographic regions, Canada and the United States. The geographic split in revenue is detailed in "Note 15 – Segment Information" in the Notes to the Consolidated Financial Statements for the fiscal year ended, and as at, December 31, 2000 of Basis100, which are incorporated by reference. For the year ended December 31, 2000 and the nine months ended September 30, 2001, the fixed income product was not classified as a reportable operating segment, as the operations were not material.

MORTGAGE/CREDIT ORIGINATION AND PROCESSING PRODUCTS

The Company's business-to-business solution is intended to consist of a full suite of browser-based e-commerce technology solutions focused on automating financial transaction processes and connecting all the participants within a transaction. Through its technology, the Company offers access to its centrally-hosted computing environment using networking solutions. The Company anticipates that financial institutions and intermediaries will be brought onto the system without a significant capital investment in their hardware or operating platforms.

The Company has developed and is continuing to develop software to incorporate robust, real-time processing engines to support the following:

Developed

- the instantaneous receipt and review of mortgage loan applications; and
- decision making which incorporates integrated underwriting tools and corporate lending policies;

Continuing to Develop

- document preparation services for commitment and closing tasks; and
- accounting interfaces to facilitate funding.

Within mortgage/credit origination and processing, the Company offers products and services in three sub-components, which are broadly divided as follows: (i) Canadian Origination; (ii) Processing; and (iii) e-Services. The Canadian Origination products are designed to bring multiple channels, including mortgage brokers and consumer portals, financial institutions and intermediaries. Processing products provide a variety of functions to assist in the processing of mortgage credit applications. E-Services provides products and services to support the mortgage/credit decision process, specifically the automated valuation models, which provide automated valuations for residential properties in the United States.

Origination Products:

The Canadian product line consists of a suite of origination solutions designed to bring multiple channels to the Lenders. The line includes: MortgageBASE, HomeBASE, and ConsumerBASE.

MortgageBASE has been designed specifically for mortgage brokers and enables financial institutions to distribute their diverse mortgage products and services to mortgage brokers for the purpose of completing mortgage transactions. Acquired from Morty Systems Inc. ("MSI") in October 1999, MortgageBASE is a software program that allows mortgage brokers to electronically prepare and submit mortgage loan applications to one of 31 lenders on the system. The product includes borrower qualification, electronic links to credit bureaus and mortgage insurance vendors, with extensive tracking and reporting capability. In addition, up-to-date rate, product and guideline information are part of MortgageBASE. Currently, the service is offered using the Company's servers and dedicated communication lines.

HomeBASE is a mortgage origination solution designed for the internal sales force of the lender. The technology is the same as MortgageBASE with the exception that all mortgage applications are directed to a single lender. The large financial institutions are potential customers for this product.

ConsumerBASE has been developed specifically for consumer portals. These portals originate the leads for lenders or mortgage brokers. ConsumerBASE is accessible by consumers to enable them to shop on-line for a mortgage and submit a mortgage application to a lender. It is configured as aggregator software, which can be accessed at whatever websites the Company chooses to have host it. The browser-based mortgage technology is designed to allow companies to "white label" a solution, providing their customers the ability to compare mortgage rates from participating lenders and apply for a mortgage on-line from the one offering the best term.

Processing Products:

BasisXpress, our Mortgage Origination and Processing System was launched in March 2001, using the Basis100 Technology Platform, specifically catering to the business rules and processes of the mortgage industry. It integrates corporate lending policy into workflow, data processing and document management. As a result, financial institutions are able to distribute their diverse mortgage products and services to mortgage brokers and consumers for the purpose of quickly completing mortgage transactions. As well as eliminating unnecessary and labour-intensive processes, BasisXpress prioritizes tasks, alerting users of high priority obligations. Potential customers are major financial institutions, insurance companies and smaller, "boutique" lenders.

GE's Automated Underwriting System (AUS) is expected to assist in the automation process of routine mortgage applications. AUS incorporates GE's Omniscore® mortgage scoring model and property evaluation model and it has been incorporated into BasisXpress. This will enable underwriters to focus on more complex and subjective mortgage applications identified by BasisXpress, which must be reviewed manually.

Trading Partner Integration (TPI), also known as I-formation™ is a network-based data conversion and translation process technology solution that enables mortgage lenders and their trading partners to communicate and transfer data across different networks. I-formation™ translates information into the appropriate digital format(s) that, in the Company's view, can be used by virtually any trading partner, no matter what computer platform or data formats they currently use, and no matter what the source. Currently, Basis100 is operating I-formation™ specifically for the insurance industry and its trading partners, as well as mortgage lenders and their trading partners.

LenderBASE is an updated version of MSI's WinMorty Lender. LenderBASE is a User ID and password protected, mortgage origination and processing system that allows lenders to receive mortgage applications electronically from various sources. Lenders can quickly and easily respond to these applications. LenderBASE allows financial institutions to accept electronic mortgage applications from MortgageBASE. Features include: (a) borrower qualification and underwriting capabilities; (b) electronic links to GE Excel and CMHC emili for mortgage insurance; (c) electronic links to credit bureaus at a member's discounted price; (d) ability to provide up-to-date rate, product and guideline information to mortgage specialists; and (e) tracking of deal progress and outstanding conditions on mortgage applications.

E-Services Products:

E-Services provides products and services to support the mortgage/credit decision process as follows:

Automated Valuation Models ("AVM") provides automated valuations for residential properties, in the United States. Basis100 AVM is powered by Solimar Technology. Basis100 Corp., previously Solimar.Net, designed real estate property valuation software for electronic ordering and delivery of valuation services and products via the Internet. Solimar Technology refines and analyses a growing database of recent United States home-sales transactions and applies proprietary algorithms to sort through the array of variables involved in determining a home's probable selling price. Basis100 US now has over 90 million properties in its database. Basis100's property valuation software presents a property valuation estimate, along with a confidence score to support the analysis. Basis100's services are available both to institutional users for their internal use or directly to their customers, who are seeking valuations. In addition, large bulk users may obtain high-speed valuations of large loan portfolios. Customers include Wells Fargo Bank, Chase Manhattan Mortgages, OCWEN Federal Bank, First Franklin Financial, Washington Mutual Bank, Ameriquest Mortgage Company and Chicago Title Market Intelligence Company.

FIXED INCOME TRADING PRODUCTS

Basis100 is developing a fixed income trading solution, BasisXchange. BasisXchange is a single or multi-dealer institutional fixed income information distribution and trading system developed in collaboration with leading Canadian financial institutions. The system leverages the Internet to provide real-time pricing and on-line trading capability to users. The Company anticipates that its fixed income trading unit will operate as a separate line of business with distinct revenue streams and profits in the future. The fixed income electronic marketplace is expected to provide a channel to distribute securitized products originated within the mortgage network or elsewhere, to investors.

MARKETS IN CANADA AND THE UNITED STATES

Customer Target Market

The Company targets medium and large financial institutions in North America that participate in lending, securitization, fixed income and appraisal products. The Company also targets the service providers and trading partners to these financial institutions in the same markets. The Company concentrates its efforts on the largest financial institutions in Canada and the United States, including the five largest chartered banks in Canada and the largest 100 mortgage originators in the United States.

Mortgage Market in Canada

Mortgage origination systems at financial institutions are typically legacy systems developed many years ago and are typically not linked electronically over the Internet to external parties. A significant portion of the technology in the mortgage industry was implemented using mainframe computers, legacy software and legacy programming languages. The Company believes, these circumstances have resulted in an environment where mortgage data is paper intensive, transmitted through fax and form and often re-keyed into different computer systems many times.

Mortgage Market in the United States

The mortgage market in the United States is significantly larger than the mortgage market in Canada. Unlike Canada, where the mortgage industry is highly concentrated around relatively few lenders (primarily the chartered banks), the United States market is characterized by a large number of medium to large financial institutions, with many regional banks and relatively few lenders that operate nationally. Mortgage brokers originate the majority of mortgages originated in the United States each year. As the mortgage market is interest rate sensitive, it is difficult to forecast the size of the market in any year.

Valuation Market in the United States

Each property that moves through the mortgage origination process provides the Company with an opportunity to value that property a number of times. Numerous service providers to the mortgage industry may each need valuations for their own purposes. As the mortgages are sold to various levels of intermediaries, each intermediary may require a valuation of the property supporting those mortgages. The cost of an automated valuation is significantly less than that of a traditional appraisal.

Fixed Income Market — Canada

Fixed income securities in Canada are currently traded over-the-counter, and, as such, the primary investment dealers provide liquidity to the retail market. The Company believes that a dealer's incentive to make markets and supply product is influenced by three factors: competition and concentration, inventory management and transparency, and information. Currently, outside of the institutional marketplace where inter-dealer brokers provide a service through dedicated screens, the Company believes that there is not significant transparency, price discovery, price and trade efficiency and ease of access for fixed income market participants in Canada. Rapid changes in technology however, along with the growth of Internet commerce, is, in the Company's view, shifting the balance of power from the large institutional participants to the retail participant by enabling the flow of information and subsequent knowledge to move downstream to the retail investor. Currently, the bond market in Canada is, in the Company's view, highly concentrated, with the largest six dealers covering almost the entire market.

COMPETITION

The market for financial services technology is highly competitive and some competitors possess substantially greater resources than Basis100. This is especially true in the United States market. The Company believes competition involves some of the following significant factors:

- scalability and flexibility of technology;
- price;
- breadth of product line;
- brand recognition;
- quality of customer service and technical support; and
- ability to obtain and maintain customer relationships.

Basis100 competes with in-house programming resources and information technology departments of the financial institutions it is soliciting as customers, large developers and manufacturers of information technologies, computer service and technology firms that specialize in financial services processing technology, as well as technology consultants, software vendors, value-added resellers of custom software packages and a number of other related and potentially unrelated firms that could diversify or expand into the same industries and product markets as Basis100. Basis100 also competes directly with providers of technology and solutions specifically for the mortgage industry, which management believes are its most significant competitors. As the Company expands its business into other financial product markets such as insurance and fixed income trading, it expects to encounter increased competition from other competitors in Canada and the United States.

Internal Information Technology Departments
Financial institutions in Canada have attempted to increase market share in the financial markets by developing proprietary solutions as their competitive advantage in the market. They continue to focus on dis-intermediation with direct-to-consumer solutions. The Company believes that Canadian financial institutions are re-focusing their strategy around their core competencies of providing financial services and are looking outside the organization for their technology needs. The Company plans to supply financial institutions a managed service suite of browser-based solutions to meet these needs. Competition for in-house data processing and software departments is intensified by the efforts of computer hardware vendors who encourage the growth of internal data centres.

Large Information Technology and Systems Integrators
A number of the large systems integrators build custom information technology infrastructure for Canadian financial institutions. These systems often require large up-front costs and are costly to maintain.

Consultants, Software Vendors and Value-Added Resellers
Software consultants and value-added resellers often deliver custom or customized software products to its customers. These integrated financial services packages and specialized solutions often have packaged software solutions, which may be less efficient and not as flexible as the completed Basis100 browser-based platform solutions.

Mortgage Solutions Providers
Basis100 competes with firms, which specialize in each of the product technology components that comprise the mortgage origination and processing, including point-of-sale technology firms, and technology providers who specialize in mortgage processing software and technology. There are a limited number of firms in Canada, but a number of companies in the United States, that offer products and technology components that are similar to those of the Company. Some companies offer technology solutions in some or all areas of loan origination and processing. Some firms offer more solutions than Basis100 currently offers or intends to offer, such as mortgage servicing solutions. There has recently been interest from US firms to enter the Canadian market, potentially adding to the competition.

FOREIGN OPERATIONS

Information regarding the risks associated with foreign operations is available from Note 3 – Accounting Policies – Foreign Exchange and Note 14 Financial Instruments – Foreign Currency Risk, of the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2000, which information is specifically incorporated herein by reference. The Company's subsidiary in the United States is self-sustaining.

EMPLOYEES

As at December 31, 2000 and September 30, 2001 Basis100 had 120 full time employees and 121 full time employees, respectfully. The Company has no part time employees.

DIVIDEND POLICY

Neither the Company nor its predecessors has declared any dividends since their respective dates of amalgamation and incorporation and the Company has no plans to declare any dividends for the foreseeable future. The Company intends to retain future earnings to finance the development of its business. Any future determination to pay dividends will be at the discretion of the Company's board of directors and will depend upon the Company's results of operations, capital requirements and such other facts as the board of directors considers relevant.

FINANCIAL INFORMATION

The following summary information is provided for the nine months ended September 30, 2001 and for each of the financial years ended December 31, 2000 and December 31, 1999, along with the period from October 16, 1998 to December 31, 1998.

THREE YEAR FINANCIAL INFORMATION COMPARISON

As at and for period (thousands of dollars except per share amounts)

	Nine months ended September 30, 2001 (unaudited)	Year ended December 31, 2000 (audited)	Year ended December 31, 1999 (audited)	Period from October 16, 1998 to December 31, 1998 (audited)
Total revenues	19,537	13,214	2,028	nil
Gross margins	17,999	11,994	715	nil
Expenses	19,538	23,524	5,674	320
Loss before depreciation, amortization, and other operating expenses*	(1,538)	(11,530)	(4,959)	(320)
Loss for the period before extraordinary items and loss for the period	(11,167)	(38,936)	(9,537)	(320)
Loss per common share before extraordinary items and loss per common share (basic and fully diluted)	$ (.38)	$ (1.47)	$ (0.93)	$ (0.06)
Total assets	46,867	56,471	27,320	692
Total long-term financial liabilities	242	542	122	nil
Cash dividends	nil	nil	nil	nil
Number of common shares issued	29,635	29,503	22,224	5,333

TWO YEAR QUARTERLY FINANCIAL INFORMATION

(thousands of dollars except per share amounts)

	Q1	Q2	Q3	Q4
Fiscal Year Ended December 31, 2000				
Total revenues	2,172	3,106	3,702	4,234
Gross margins	1,967	2,782	3,294	3,951
Expenses	4,401	5,648	6,085	7,390
Loss before depreciation, amortization, and other operating expenses*	(2,434)	(2,866)	(2,791)	(3,439)
Loss for the period before extraordinary items and loss for the period	(4,667)	(9,906)	(5,884)	(18,479)
Loss per common share before extraordinary items and loss per common share (basic and fully diluted)	$ (0.21)	$ (0.40)	$ (0.20)	$ (0.62)
Fiscal Year Ended December 31, 1999				
Total revenues	225	406	581	816
Gross margins	225	99	121	270

	Q1	Q2	Q3	Q4
Expenses	549	743	1,382	3,000
Loss before depreciation, amortization, and other operating expenses*	(324)	(644)	(1,261)	(2,730)
Loss for the period before extraordinary items and loss for the period	(692)	(1,468)	(1,573)	(5,805)
Loss per common share before extraordinary items and loss per common share (basic and diluted)**	$ (0.10)	$ (0.20)	$ (0.21)	$ (0.42)

NINE MONTH QUARTERLY FINANCIAL INFORMATION

(thousands of dollars except per share amounts)

	Q1	Q2	Q3
The First Three Quarters for the Fiscal Year ending December 31, 2001			
Total revenues	4,725	6,995	7,817
Gross margins	4,385	6,427	7,187
Expenses	6,352	6,303	6,883
Income (Loss) before depreciation, amortization, and other operating expenses*	(1,967)	124	304
Income (Loss) for the period before extraordinary items and loss for the period	(5,078)	(3,082)	(3,008)
Loss per common share before extraordinary items and loss per common share (basic and diluted) *	$ (0.17)	$ (0.10)	$ (0.10)

* Other operating expenses include the write-down of intangibles, loss on disposal of fixed assets, and settlement of legal claim.

** Please refer to Note 12 – Earnings Per Share, of the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2000, which information is specifically incorporated herein by reference. Also, please refer to the disclosure on the Company's Consolidated Interm Financial Statements for the nine months ended September 30, 2001, which information is specifically incorporated herein by reference.

NOTE ON COMPARABILITY

Limited financial information is available for the purposes of this Annual Information Form, because the predecessor of the Company, e-Net, was only founded on October 16, 1998 and the Company only began operations, in its current form, following the October 25, 1999 amalgamation of e-Net and Autrex Inc. (See "Corporate Structure"). The Company subsequently acquired Basis100 US, and has consolidated the financial information relating to Basis100 US into its operations from February 9, 2000.

Additional historical information on Basis100 US, as it existed prior to its acquisition by the Company, is found on pages 23 to 25 and pages F-S-1 to F-S-17 in the Final Prospectus of Basis100 filed to qualify the distribution of 5,000,000 common shares, which information is specifically incorporated herein by reference.

Effective with the December 31, 1999 audited financial statements, the Company adopted the new Canadian Institute of Chartered Accountants' standard for accounting for income taxes, retroactively for the entire 1999 fiscal year.

EVENTS SINCE DECEMBER 31, 2000

February 9, 2001 is the date of the auditor's unqualified report on the Basis100 consolidated financial statements for the financial year ended December 31, 2000.

EMPLOYEE STOCK PURCHASE PLAN

On May 3, 2001, the Company's shareholders approved an employee stock purchase plan (the "Plan") effective May 31, 2001, under which 2,000,000 Common Shares have been reserved for issuance. The Plan will terminate on May 31, 2011, subject to further shareholder approval. Eligible employees may purchase a limited number of Common Shares at the market value at certain Plan-defined dates.

OPERATING LINE OF CREDIT

On June 26, 2001, the Company signed a credit agreement with Royal Bank of Canada, which committed a maximum of $4 million operating line of credit to the Company repayable on demand and secured by a general security agreement and cash. Under the terms of the credit agreement, the availability of the operating line of credit to the Company is limited to 75% of the Company's Canadian and United States accounts receivable not more than 90 days old, less priority payables. The operating line of credit bears interest at a rate of prime plus 1.5%. The credit agreement includes a single financial covenant based on the Company's tangible net worth. As at September 30, 2001, the Company had drawn down approximately $3.1 million under the operating line of credit (approximately $1.5 million as at November 30, 2001).

INVESTMENTS AND RELATED PARTY TRANSACTIONS

On June 27, 2001, the Company acquired a minority interest in CanDeal valued at $1,244,124. The Company provided a software license to CanDeal in exchange for shares of CanDeal. The investment by the Company included a software license valued at $1,050,000 plus acquisition costs of $194,124. CanDeal is an Ontario corporation founded to create and to operate an electronic trading network for fixed income securities in Canada.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company for the fiscal year ended December 31, 2000 contained in the 2000 Annual Report of the Company is specifically incorporated herein by reference.

Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company for the nine months ended September 30, 2001 contained in the unaudited Interim Comparative Consolidated Financial Statements is specifically incorporated herein by reference.

MARKET FOR SECURITIES

The common shares of the Company are quoted for trading on The Toronto Stock Exchange and began trading on The Toronto Stock Exchange on October 28, 1999. The common shares trade under the trading symbol "BAS".

DIRECTORS AND OFFICERS

DIRECTORS

The name, municipality of residence, positions with Basis100 and principal occupation of each of the directors of Basis100 are as follows, as at November 30, 2001:

Name and Municipality of Residence	Positions Held with the Company	Date of Election or Appointment	Principal Occupation
Gary Bartholomew[2] Elora, Ontario	Chairman, Director and Chief Executive Officer	December 1998[3]	Officer and Director of the Company
Victor Hum Toronto, Ontario	Director and Corporate Secretary	March 2000	Lawyer, Fraser Milner Casgrain LLP
Michael Johnston[1], [2] Ponte Vedre Beach, Florida	Director	October 2001	Independent Consultant
Burt Napier [1], [2] Oakville, Ontario	Director	April 2001	Independent Consultant
Jason Smith Aurora, Ontario	Director	January 1999[3]	Strategic Advisor and Director of the Company
Ivan Wahl[1], [2] Toronto, Ontario	Director	June 1999[3]	Chairman Xceed Mortgage Corporation

Notes:

(1) The audit committee is comprised of Michael Johnston, Burt Napier and Ivan Wahl .

(2) The compensation, nomination and corporate governance committee is composed of Gary Bartholomew, Michael Johnston, Burt Napier and Ivan Wahl.

(3) Reflects date of election or appointment to e-Net.

(4) Directors are elected to hold office until the close of the next annual meeting.

EXECUTIVE OFFICERS

The name, municipality of residence, positions with Basis100 and principal occupation of each of the executive officers of Basis100 are as follows, as at November 30, 2001:

Name and Municipality of Residence	Positions Held with the Company
John Bordignon Burlington, Ontario	Vice President Lender Solutions
Patrick DeAngelis Woodbridge, Ontario	Vice President Project Management Office
Owais Durrani Newport Beach, California	President, Basis100 US

Name and **Municipality of Residence**	**Positions Held** **with the Company**
Lance McIntosh Oakville, Ontario	Chief Financial Officer
Jeff Patterson Palgrave, Ontario	Vice President & General Manager, Canadian Division
Peter Ross Oakville, Ontario	Vice President Mergers & Acquisitions
Stephen Schrump Etobicoke, Ontario	Chief Technology Officer
Kate Taylor Toronto, Ontario	Vice President Marketing
Bernie Webber Mississauga, Ontario	Vice President, Insurance Solutions

The nature and extent of the experience of the directors and executive officers of Basis100 is as follows:

Gary Bartholomew, prior to November 1998, spent the last ten years working with technology start-ups. He is the owner of CyberNorth Ventures, an investment and strategy consulting company. Mr. Bartholomew has acted as a consultant to such companies as IBM Canada, Hewlett Packard, Livingston International, International Verifact Inc. and others in the area of innovation planning and commercialization.

John Bordignon, prior to October 2000, was the Vice President for Cognicase, an e-business solutions provider. Previously, Mr. Bordignon held several senior positions at National Bank such as Senior Manager Retail Credit Product Solutions and Senior Manager Electronic Channels.

Patrick DeAngelis, prior to May 2000, Mr DeAngelis was a Managing Consulting Partner with CGI Group Inc. He manages the overall build and delivery of Basis100's technology for both Canadian and U.S. customers. Prior to CGI, Patrick worked with Bell Sygna Inc.

Owais Durrani, prior to May 2000, was Vice President Finance at SLMSOFT.com. He held the Vice President Finance, Global Product Management position with GE Capital – Information Technology Solution (US). He was Vice President Finance and CFO with GE Capital – Information Technology Solution (Canada). Prior to these positions, Mr Durrani was Director, International Finance and Planning with Pitney Bowes Inc.

Michael Johnston joined Basis100 as a director in October of 2001. Mr. Johnston has spent more than 32 years in the U.S. financial community and comes to the Basis100 Board of Directors from Merrill Lynch Credit Corporation (MLCC), where he was the Chairman, President and CEO, serving the consumer mortgage and investment market.

Lance McIntosh, prior to August 2001, was the President and CFO of Streetviews Inc. Previously, Mr. McIntosh was the CFO of Novopharm Biotech Inc. and ATI Technologies Inc. He held senior financial positions in the financial services sector with the Penfund Group of Companies and CanWest Capital Corporation. He also held the senior financial position with Derlan Industries Limited.

Victor Hum joined Basis100 as a director in March of 2000. Mr. Hum is currently a partner in the corporate/securities group at the law firm of Fraser Milner Casgrain LLP.

Burt Napier joined Basis100 as a director in April 2001. He is currently the President and CEO of Napier & Associates Consulting. Mr Napier served with CIBC as the Executive Vice President of Operations and Technology, the Chairman and CEO of its INTRIA Corp. division, and as a member of the Executive Committee. In his 20 years with Toronto-Dominion Bank, Burt reached the position of Senior Vice President of Systems Research and Development.

Jeff Patterson, prior to June 1999 was President and CEO of F.W. Myers & Co., Inc. He previously was the President and General Manager of Livingston International Inc.

Peter Ross, prior to November 1998 was with various companies. Prior positions include: Chief Operating Officer and President of Ameri-Can Railway Systems; President and Chief Operating Officer, Internet Payment Processing; Vice President and Chief Operating Officer of Marr Electric; and Senior Vice President of Services and Corporate Secretary Voyageur Insurance Company.

Stephen Schrump, prior to June 1999, was Vice President of Product Development, Necho Systems Corp. Previous work experience includes Director of Technology and Chief Technology Architect, Cebra Inc., a subsidiary of the Bank of Montreal; and Senior Manager, Distributed Systems, of the Mastercard division of the Bank of Montreal.

Jason Smith, prior to January 1999, was a founder and shareholder of Online Mortgage Explorer Inc. and has been a consultant to mortgage brokers and financial institutions.

Kate Taylor, prior to February 2000 was Vice President of Marketing at Communicopia. Kate was self-employed in the marketing and promotions business. Prior to starting her own business, Ms. Taylor was AVP of Business Development for AIM Mutual Funds and Head of Marketing at GT Global Mutual Funds.

Ivan Wahl joined Basis100 as a director in June 1999. Mr Wahl was recently appointed the Chairman of Xceed Mortgage Corporation, a wholly owned subsidiary of the Bank of Montreal. Previously, he was a Vice Chairman of a subsidiary of CIBC. Mr. Wahl was the founder and chairman of Firstline Trust Company from 1985 to 1995 when the company was sold to a major Canadian financial institution.

Bernie Webber, prior to May 2001, Mr Webber was the President and CEO of the Insurance Information Centre of Canada, which is an incorporated association wholly owned by the P&C Insurance Industry of Canada.

The percentage of the Basis100 common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by all the directors and senior officers of Basis100, as of November 30, 2001, is approximately 6.4%.

RISK FACTORS

The following factors could materially and adversely affect our future operating results and could cause actual events to differ materially from those described in forward-looking statements related to our business:

LIMITED OPERATING HISTORY; ANTICIPATED LOSSES

The Company effectively commenced operations in October 1998 through the Company's predecessor company, e-Net Financial Services (Canada) Inc. Accordingly, the Company has only a limited operating history upon which an evaluation of the Company and the Company's prospects can be based. The Company accumulated net losses of approximately $48.8 million as of December 31, 2000, primarily attributable to expenses related to the establishment of an e-commerce technology solutions businesses. Although the Company anticipates increases in revenues, net losses are anticipated for at least the foreseeable future. Expenses may be greater than anticipated or increase at a rate faster than anticipated. To the extent that such expenses do not result in appropriate revenue increases, the Company's long-term viability may be materially and adversely affected.

A significant portion of the Company's financial resources have been, and will continue to be, directed to the development of its e-commerce technology solutions business, acquisitions and marketing activities. The Company's success will ultimately depend on the Company's ability to generate cash from its e-commerce technology solutions businesses, such that the Company's development and marketing activities may be financed by the gross margin from sales instead of external financing. There is no assurance that the future expansion of the Company's e-commerce technology solutions business will be sufficient to raise the required funds to continue the development of its business and marketing activities.

SUCCESS OF BUSINESS PLAN

The Company anticipates incurring additional costs to fund the continued development of the Company's e-commerce technology solutions software and increased marketing initiatives, additional strategic alliances and acquisitions and technological and hardware improvements.

The Company's current revenue model depends heavily on revenue generated from mortgage lenders and other third party participants in Canada and the United States participating in its network and paying transaction fees as well as from licensing its software. The Company's revenue model has not yet generated net income. The Company must develop and market its mortgage technology services and its automated valuation services to achieve broad market acceptance in a timely manner by both lenders and consumers. It is possible that the Company will be required to further adapt the Company's business model in response to additional changes in mortgage technology, or if the Company's current business model is not successful. If the Company's technology development is delayed, if current e-commerce technology solutions or automated valuation services are not accepted or if the Company's business model is not successful, the Company may be unable to expand its business and the value of any investment in the Company's securities could be significantly reduced.

MANAGEMENT OF GROWTH

Recent rapid growth in all areas of the Company's business has placed, and is expected to continue to place, a significant strain on the Company's managerial, operational and technical resources. The Company expects operating expenses and staffing levels to increase in the future. To manage the Company's growth, the Company must expand the Company's operational and technical capabilities and manage the Company's employee base while effectively administering multiple relationships with various third parties, including affiliates. There can be no assurance that the Company will be able to manage the Company's expanding operations effectively. Any failure to implement cohesive management and operating systems, add resources on a cost-effective basis or properly manage its expansion could have a material adverse effect on the Company's business and results of operations.

ACQUISITIONS

The Company has acquired and anticipates that it will continue to acquire complementary businesses, technologies, services or products. The completion of such transactions poses additional risks to the Company's business. The benefit to the Company of these acquisitions is highly dependent on the Company's ability to integrate the acquired businesses and their technologies, employees and products into the Company. The Company has a limited history of acquisitions and cannot be certain that the Company will successfully integrate the acquired businesses or that the acquisitions will ultimately benefit the Company. Any failure to successfully integrate businesses or failure of the businesses to benefit the Company could have a material adverse effect on the Company's business and results of operations.

POTENTIAL FLUCTUATIONS IN QUARTERLY RESULTS

The Company expects to experience significant fluctuations in future quarterly operating results that may be caused by many factors, including the following:

- the Company's limited operating history;
- acquisitions;
- the pace of development of the market for e-commerce technology solutions;
- changes in pricing policies by the Company or the Company's competitors;
- changes in the level of marketing and other operating expenses to support future growth;
- seasonal trends;
- competitive factors; and
- general economic conditions.

Consequently, the Company believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as any indication of future performance. It is likely that the Company's future quarterly operating results from time to time will not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the common shares.

FUTURE CAPITAL NEEDS; UNCERTAINTY OF ADDITIONAL FINANCING

The Company currently anticipates that its current cash resources will be sufficient to meet its presently anticipated working capital and capital expenditure requirements. However, the Company may need to raise additional funds in order to support more rapid expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financings, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the holders of Common Shares will be reduced, shareholders may experience additional dilution in net book value per share or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance the Company's business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

COMPETITION

The Company's areas of business are highly competitive. The Company competes with a wide variety of information technology firms and competes directly with providers of technology solutions specifically for the mortgage industry. Increased competition may have a material adverse effect on the Company's operating margins and could result in loss of market share and a diminished brand franchise, which could have a material adverse impact on the Company's business, financial condition and operating results.

The Company believes that the primary competitive factors in e-commerce technology solutions are scalability and flexibility of technology, ease of use, price, fulfillment speed, reliability, breadth of product line, price, brand recognition, customer and technical support, and the ability to maintain customer relationships. Other factors that will affect the Company's success include the Company's continued ability to attract experienced marketing, technology, operations and managerial personnel. The Company's commercial success will depend primarily upon its ability to favourably address each of these factors.

In the business-to-business market, technology that competes with the Company's various product offerings may currently, or at any time in the future, have more attractive features and functionality. If customers find competitive products more attractive, the Company's business, financial condition and operating results could be materially adversely affected. In the Canadian marketplace, there is no assurance that more than one well-capitalized Canadian mortgage technology solutions company will be commercially successful over the long-term due to the concentration of the industry.

LIMITED MARKET SIZE FOR FIXED INCOME AND MORTGAGE PRODUCTS

The arrangement the Company has entered into with CanDeal involves most of the major Canadian investment banks. If that arrangement is not successful, it would be difficult for the Company to market the fixed income platform further in Canada as there are a very limited number of other potential customers. The Company's mortgage products also have a limited distribution potential because of the limited number of Canadian financial institutions that can use the Company's products on a scale which will contribute sufficient revenues to the Company to offset the corresponding costs.

ATTRACTING AND INTEGRATING FINANCIAL INSTITUTIONS AND INTERMEDIARIES

The success of the Company's e-commerce technology solutions and automated property valuation services depends on the Company's ability to attract and retain a comprehensive group of financial institutions and intermediaries to service consumer needs across a wide array of product lines, consumer credit profiles and geographic locations. Integration of a financial institution into the Company's e-commerce technology solutions requires a significant commitment of time and resources on the part of the financial institution and the Company. Potential financial institutions may not be willing to invest the time and resources necessary to achieve this integration and the Company may not have sufficient personnel to devote the time necessary to successfully integrate financial institutions into the Company's e-commerce technology solutions. A failure to integrate could limit the variety of products and services that the Company can offer to the Company's existing customers, which, in turn, may be lost to other competitors. Any failure to attract or integrate financial institutions and intermediaries could have a material adverse effect on the Company's business, results of operation and financial condition.

FLUCTUATIONS IN INTEREST RATES

Substantially all of the Company's revenue is associated with mortgage procurement transactions through its e-commerce mortgage technology solutions and automated property valuation services. During periods of rising interest rates, slower growth or a decline in mortgage procurement transactions or automated property valuation services may occur. The Company expects, that as the Company's business matures, the Company will experience seasonal fluctuations in its operating results due to seasonal fluctuations in consumer credit markets. Because of the Company's limited operating history, it has not yet been possible to assess the impact of seasonal effects on its business or the effects of a broad range of interest rate environments.

RISKS OF THE INTERNET AS A MEDIUM FOR COMMERCE

Use of the Internet by financial institutions and other financial services industry participants is at a relatively early stage of development, and market acceptance of the Internet as a medium for commerce is subject to a high level of uncertainty. The Company's future success will depend upon the Company's ability to increase revenues, which will require the development and widespread acceptance of the Internet as a medium for commerce. There can be no assurance that the Internet will be a successful channel. The Internet may not prove to be a viable commercial marketplace because of inadequate development of the necessary infrastructure, such as reliable networks or complementary services, such as high-speed modems and adequate security procedures. The viability of the Internet or its viability for commerce may prove uncertain due to delays in the development and adoption of new standards and protocols (for example, the next generation Internet protocol) to handle increased levels of Internet activity or due to increased government regulation or taxation. If use of the Internet does not continue to grow, or if the necessary Internet infrastructure or complementary services are not developed to effectively support growth that may occur, the Company's business could be materially and adversely affected. In addition, the nature of the Internet as an electronic marketplace (which may, among other things, facilitate competitive entry) may render it inherently more price competitive than conventional business formats, resulting in decreasing margins.

REGULATION OF THE INTERNET

To date, governmental regulations have not materially restricted or regulated the use of the Internet. However, the legal and regulatory environment that pertains to the Internet may change. New laws and regulations, or new interpretations of existing laws and regulations, could impact the Company directly by regulating the Company's operations or imposing additional taxes on the services it provides, which could have an adverse impact on the Company's results and operations. These regulations could restrict the Company's ability to provide its services or increase its cost of doing business.

In addition, new laws could have an indirect impact on the Company by preventing the Company's clients from obtaining services over the Internet or slowing the growth of the Internet. New laws relating to sales and other taxes, user privacy, pricing controls and consumer protection may dampen the growth of the Internet as a communications and commercial medium. For example, a number of proposals have been made at the federal, provincial, state and local levels and by foreign governments that could impose taxes on the on-line sales of goods and services and other Internet activities. In addition, unfavourable judicial interpretation of existing laws, and the adoption of new laws, regarding liability for libel and defamation and copyright, trademark and patent infringement and consumer privacy, may extend to website owners. If these new laws decrease the acceptance of e-commerce and other aspects of the Internet, the Company's revenue growth and growth in demand for the Company's services would be limited and the Company's business, results of operations and financial condition could be adversely affected.

ACCESS TO AND USE OF DATA

To date, on-line companies and companies in the financial services industry have had access to data, which could be used to provide input into credit decisions, property valuation analysis and other credit decisions. There can be no assurance that more restrictive legislation regarding the accumulation and use of such data will not be introduced. If so, the Company's ability to carry on the Company's business may be materially adversely affected.

Basis 100 Corporation, one of the Company's subsidiaries, relies on data obtained electronically from three data suppliers. If any of these data suppliers cease obtaining and providing such data, or fail to provide the Company with such data in a timely fashion, the Company's ability to carry on the Company's business may be materially adversely affected.

STRATEGIC RELATIONSHIPS

The Company depends on establishing and maintaining relationships with a large number of industry participants. The loss of strategic relationships or the failure to establish additional ones would materially reduce the Company's revenue. Basis100 has strategic relationships with BEA Systems, General Electric Mortgage Insurance Corporation, Residential Funding Corporation ("GMAC RFC"), INVIS Inc., Q9 Networks Inc., CanDeal.ca Inc., the Mortgage Alliance Company of Canada and many of the Canadian Chartered banks (especially in the fixed income trading solution business). Any failure to maintain these relationships could have a material adverse effect on the Company's business, results of operation and financial condition.

There is intense competition for relationships with industry participants and the Company may have to pay significant fees to establish additional relationships or maintain existing relationships in the future. Additionally, the Company may be limited or restricted in the way it establishes and maintains relationships by regulations generally applicable to the Company's business. As a result, the Company may be unable to enter into relationships with these industry participants on commercially reasonable terms or at all. If the Company is unable to establish or maintain strategic relationships, the Company's business and the value of an investment in the Company's securities could be materially adversely affected.

RAPID TECHNOLOGICAL CHANGE

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of the Company's e-commerce technology solutions. The Company's industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing operations and proprietary technology and systems obsolete. The Company's success will depend, in part, on its ability to license leading technologies useful in its business, enhance the Company's existing services, develop new services and technology that address the increasingly sophisticated and varied needs of the Company's existing and prospective customers and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of e-commerce technology solutions and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Company will successfully implement new technologies or adapt its proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Company is unable to adapt in a timely manner in response to changing market conditions or customer requirements for technical, legal financial or other reasons, the Company's business, results of operations and financial condition could be materially adversely affected.

SECURITY RISKS

Despite the Company's implementation of network security measures similar to most of the Company's competitors, the Company's infrastructure is potentially vulnerable to computer break-ins and similar disruptive problems. Concerns over Internet security has been, and could continue to be, a barrier to commercial activities requiring consumers and businesses to send confidential information over the Internet. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Company's customers. Moreover, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential clients may inhibit the growth of the Internet as a medium for commerce.

RISK OF SYSTEM FAILURE OR INADEQUACY

The Company's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure or similar events. In addition, the growth of the Company's customer base may strain or exceed the capacity of the Company's computer and telecommunications systems and lead to degradations in performance or systems failure. The Company may in the future experience failure of its information systems, which may result in decreased levels of service delivery or interruptions in service to its customers. While the Company continually reviews and seeks to upgrade its technical infrastructure and provides for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business, results of operation and financial condition.

In addition, third parties host some of the Company's applications. Any failure on the part of those third parties to maintain their equipment in good working order and to prevent system disruptions could have a material adverse effect on the Company's business, results of operation and financial condition.

INTELLECTUAL PROPERTY

The Company may be subject to legal claims relating to its intellectual property, the content in its websites or the downloading and distribution of such content. For example, persons may bring claims against the Company if the Company does not obtain a licence to use the intellectual property displayed on its websites. Claims could also involve matters such as defamation, invasion of privacy and copyright or patent infringement. Providers of Internet products and services have been sued in the past, sometimes successfully, based on the content of material on their websites. In addition, some of the content the Company intends to provide on its websites will be drawn from data compiled by other parties, including governmental and commercial sources. This data may have errors. If such content is improperly used or if the Company supplies incorrect information, it could result in unexpected liability. Any insurance the Company may obtain may not cover claims of this type or may not provide sufficient coverage. The Company's business, results of operation and financial condition could suffer a material adverse effect from costs resulting from these claims.

Proprietary rights are important to the Company's success and its competitive position. Although the Company seeks to protect its proprietary rights, the Company's actions may be inadequate to protect any trademarks and other proprietary rights or to prevent others from claiming violations of their trademarks and other proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate designation of the Company's work. Any of these claims, with or without merit, could subject the Company to costly litigation and the diversion of the time and attention of its technical management personnel. In addition, the Company licenses key components of the Company's intellectual property from third parties such as Cebra Inc. (or its successor) and General Electric Mortgage Insurance Corporation. The loss of any of these licences could have a material adverse effect on the Company's business, results of operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The Company's business is substantially dependent on the services and performance of certain senior management personnel and other key employees. In particular, the Company is dependent upon the services of Gary Bartholomew, John Bordignon, Lance McIntosh, Jeff Patterson and Stephen Schrump. The loss of their services could have a material adverse effect on the Company's business. While the Company maintains key person insurance on some of these key individuals, there can be no assurance that this insurance can be renewed or maintained by the Company on favourable terms, if at all. Any inability the Company may have in renewing or maintaining key person insurance could have a material adverse effect on the Company's business, results of operation and financial condition.

NEED TO ATTRACT AND RETAIN QUALIFIED PERSONNEL

The Company's success depends to a significant extent on the Company's ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Company will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. Due to the expansion in e-commerce technology solutions, the competition for qualified personnel is particularly intense. If the Company is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on the Company's business, results of operation and financial condition.

RECENT EXTERNAL EVENTS

The recent horrific events in the United States, and the ripple effect of those events currently being felt around the world, may impact on the financial services industry and on the business of the Company both in Canada and the United States in ways that are, at this point in time, somewhat difficult to accurately determine. Basis100 is actively monitoring the situation and will address these new external pressures and their potential effects on the marketplace, as they arise.

FOREIGN EXCHANGE RISK

The Company carries on a significant portion of its business in the United States and the majority of its sales outside of Canada are made in U.S. dollars. Any weakening in the value of the U.S. dollar against the Canadian dollar would result in lower revenues and operating margins for the Company when stated in

Canadian dollars. The Company does not engage in hedging activities.

FLUCTUATIONS IN STOCK MARKET PRICES

The stock market in general has recently experienced and is still continuing to experience extreme price and volume fluctuations. The market prices of technology companies have experienced fluctuations unrelated or disproportionate to the operating performance of those companies. These broad market fluctuations could depress the market price of the common shares.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the common shares is CIBC Mellon Trust Company at its principal offices in Toronto, Ontario (Ground Floor, 320 Bay Street, Toronto, ON M5H 4A6).

AUDITORS

The auditors of Basis100 are Deloitte & Touche LLP (BCE Place, 181 Bay Street, Suite 1400, Toronto, Ontario M5J 2V1, Canada).

ADDITIONAL INFORMATION

The Company will provide additional information to any person upon request made to the Secretary of the Company, 33 Yonge Street, Suite 900, Toronto, Ontario, M5E 1G4:

(a) when securities of the Company are in the course of distribution pursuant to a short form prospectus or a preliminary short form prospectus that has been filed in respect of a distribution of its securities:

- (i) one copy of this Annual Information Form, together with one copy of any document or the pertinent pages of any document, incorporated by reference herein;
- (ii) one copy of the consolidated financial statements of the Company for its fiscal year ended December 31, 2000, together with the accompanying report of the auditors and one copy of any interim financial statements of the Company subsequent to the consolidated financial statements of the Company for its fiscal year ended December 31, 2000;
- (iii) one copy of the Company's Management Information Circular dated April 2, 2001 in respect of its Annual and Special Meeting, which was held on May 3, 2001; and
- (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or

(b) at any other time, one copy of any other documents referred to in items (a) (i), (ii) and (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interest of insiders in material transactions, where applicable, is contained in the Company's Management Information Circular for its most recent annual meeting of shareholders that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year.

The 2000 Annual Report and the 2000 Consolidated Financial Statements are also available on the Company's website at www.basis100.com.

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