

Preliminary Prospectus dated June 14, 2000

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN EACH OF THE PROVINCES OF BRITISH COLUMBIA, MANITOBA, ONTARIO AND QUEBEC BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSES OF A DISTRIBUTION TO THE PUBLIC. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME A RECEIPT IS OBTAINED FROM THE SECURITIES REGULATORY AUTHORITIES IN EACH OF THE PROVINCES OF BRITISH COLUMBIA, MANITOBA, ONTARIO AND QUEBEC FOR THE FINAL PROSPECTUS.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities have not been and will not be registered under the United States Securities Act of 1933. Accordingly, except to the extent permitted by law, these securities may not be offered or sold in the United States and this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any such securities within the United States of America.

Additional Issue



\$18,037,500

**3,250,000 Common Shares and 1,625,000 Common Share Purchase Warrants
issuable upon the exercise of 3,250,000 Special Warrants**

Bridges.com Inc. ("Bridges" or the "Company") will issue 3,250,000 common shares (the "Common Shares") in the capital of Bridges and 1,625,000 Common Share purchase warrants (the "Warrants"), in each case subject to adjustment, upon the exercise of 3,250,000 special warrants (the "Special Warrants") previously issued by the Company at a price of \$5.55 per Special Warrant. Upon exercise, each Special Warrant entitles the holder to acquire (subject to adjustment) one Common Share and one-half (½) Warrant without payment of any additional consideration.

This prospectus is being filed to qualify the distribution of the Common Shares and Warrants to be issued upon exercise of the Special Warrants and certain Compensation Options (as defined below). See "Private Placement and Plan of Distribution". **There is currently no market for the Special Warrants and Warrants and none is expected to develop.**

The Common Shares are traded on The Toronto Stock Exchange (the "TSE") under the trading symbol "BIT", and prior thereto, were listed on the Canadian Venture Exchange ("CDNX"). The closing price of the Common Shares on the TSE on March 29, 2000 (the last business day prior to the issue of the Special Warrants) was \$5.95, and on June 13, 2000 was \$4.00.

	<u>Price</u>	<u>Commission</u> ⁽¹⁾	<u>Net Proceeds</u> ⁽²⁾⁽³⁾
Per Special Warrant.....	\$5.55	\$0.3885	\$5.1615
Total Offering.....	\$18,037,500	\$1,262,625	\$16,774,875

Notes:

- (1) The Company paid a commission to the Underwriters (as defined below) equal to 7% of the offering price of the Special Warrants. As additional compensation under the terms of the Underwriting Agreement (as defined below), the Company issued to the

Underwriters an aggregate of 325,000 underwriters' compensation warrants (the "Compensation Warrants"), each exercisable without payment of additional consideration to the Company into one compensation option (a "Compensation Option"). Each Compensation Option entitles the holder to purchase one Common Share and one-half (1/2) Warrant at an exercise price of \$5.90 until 5:00 p.m. on March 30, 2001, provided that no Warrants shall be issued following the Warrant Expiry Time (as defined below). Bridges also paid approximately \$540,000 to Canaccord Capital Corporation, one of the Underwriters, for providing services as its exclusive financial advisor and agent in connection with the Careerware acquisition. See "Careerware Acquisition". No additional compensation will be payable to the Underwriters in connection with the distribution of the Common Shares and Warrants on the exercise of the Special Warrants. This prospectus also qualifies the distribution of 162,500 of the Compensation Options issuable upon the exercise of the Compensation Warrants in the Province of Ontario and all of the Compensation Options issuable upon exercise of the Compensation Warrants in the Province of British Columbia. See "Private Placement and Plan of Distribution".

- (2) Excludes other expenses relating to this offering, estimated at \$359,059, which will be paid from the general funds of the Company.
- (3) The net proceeds were released to the Company on the closing of the Careerware acquisition on March 31, 2000. See "Careerware Acquisition".

An investment in Common Shares and Warrants is speculative and involves significant risk due to a number of factors. See "Risk Factors".

After giving effect to the exercise of the Special Warrants, the price of \$5.55 paid for each Common Share and one-half (1/2) Warrant through the purchase and exercise of a Special Warrant exceeds the net tangible book value per Common Share as at February 29, 2000 by \$4.19 (or 75.5% of the issue price). See "Dilution".

The Special Warrants were sold to investors on a private placement basis pursuant to an underwriting agreement (the "Underwriting Agreement") between Bridges and Yorkton Securities Inc., BMO Nesbitt Burns Inc., Goepel McDermid Inc. and Canaccord Capital Corporation (the "Underwriters") dated March 30, 2000 at a price of \$5.55 for each Special Warrant. The price of the Special Warrants was determined by negotiation between the Company and the Underwriters. Each Special Warrant is exercisable, without payment of additional consideration, into one Common Share and one-half (1/2) Warrant at any time prior to the earlier of 5:00 p.m. (Toronto time) (the "Expiry Time") on: (i) the fifth business day after the day upon which a (final) receipt has been issued by the last of the securities regulators in each of the Provinces of British Columbia, Manitoba, Ontario and Quebec for a (final) prospectus qualifying the issuance of the Common Shares and Warrants to be issued on exercise of the Special Warrants (the "Qualification Date"); and (ii) March 30, 2001. If the Qualification Date has not occurred on or before 5:00 p.m. (Toronto time) on July 28, 2000, each Special Warrant shall become exercisable, without payment of additional consideration, into 1.1 Common Shares and one-half (1/2) Warrant. Each Special Warrant that has not been exercised previously shall be deemed to have been exercised without any further action on the holder's part, immediately prior to the Expiry Time. In accordance with applicable securities laws, if Common Shares and Warrants are issued upon the exercise of Special Warrants prior to the Qualification Date, such Common Shares and Warrants may be subject to a hold period or other restrictions on resale. Each whole Warrant will entitle the holder to purchase one Common Share in the capital of the Company at an exercise price of \$5.90 per share at any time prior to the earlier of 5:00 p.m. (Toronto time) (the "Warrant Expiry Time") on the date that is six months following the Expiry Time. See "Private Placement and Plan of Distribution".

Definitive certificates representing the Common Shares and Warrants are expected to be available for delivery within five days following the exercise of the Special Warrants. Certain legal matters relating to the issuance of the Special Warrants and the distribution of the Common Shares and Warrants upon the exercise of the Special Warrants have been and will be passed upon for the Company by Osler, Hoskin & Harcourt LLP, Toronto and for the Underwriters by Wildeboer Rand Thomson Apps & Dellelce, LLP, Toronto.

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PROSPECTUS SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information found elsewhere in this prospectus. Unless otherwise stated, all of the dollar amounts expressed in this prospectus are stated in Canadian dollars. This prospectus contains certain forward-looking statements and readers are cautioned not to place undue reliance on such statements contained in this prospectus. There can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or any of the business or operations of the Company. See “Risk Factors” and “Forward Looking Statements.”

The Company

Overview

Bridges.com Inc. (“Bridges” or the “Company”) is a career transitions company specializing in the provision of direct use career services. See “Business of the Company – Overview”. Bridges provides career information to schools, libraries, career centres and consumers through its Career Explorer and Choices resources and the publication of 14 online daily career news services. See “Key Products”.

Bridges was founded in 1994 by two career counsellors – Douglas J. Manning and David D. J. Cousins. After a year of market research with career counsellors and 12 – 18 year olds in British Columbia schools, Bridges formally launched its flagship product, Career Explorer (“CX”) in late 1995. CX is targeted at middle and secondary school students. Bridges licenses CX for an annual subscription fee which provides unlimited user access. CX offers a variety of content including: labour market news; profiles of specific careers; question and answer sessions with professionals; career planning tools; and educational resources. The product also offers a number of features aimed at career professionals including: articles on recent trends in counselling and career development; career related classroom activities for a variety of disciplines (e.g. math, science, English, etc.); and self directed online courses for career professionals. The Company has developed a proprietary database of over 3,000 career-related articles, with new articles added on most weekdays during the school year. In 1999, CX’s product group grew as the Company launched regional versions for public schools in West Virginia, Pennsylvania and Michigan. These three regionalized services, plus those already in place in Manitoba and North Carolina, extended the Company’s complement of customized CX services to five. See “Key Products – Career Explorer”.

During the last six years Bridges has experienced dramatic growth in its CX subscriber base from 26 subscribers in November 1994 to 4,704 subscribers in December 1999. Originally, the company marketed and sold CX only in Canada. In December 1996, the company officially began marketing CX in the United States. The percentage of sales to customers in the United States has increased from 45% for the year ended November 30, 1997 to 85% for the three months ended February 29, 2000. See “Bridges Financial Statements – Note 12”. Currently, approximately 95% of new sales are to customers in the United States.

As at April 30, 2000, including subscriptions to Careerware resources (See “Careerware Acquisition”), more than 9,000 middle and secondary schools subscribed to Bridges’ career tools (approximately 25% of the North American market) and more than 2,000 non-school sites subscribed to Bridges resources, including libraries, employment centres, rehabilitation centres, colleges, and correctional facilities.

Strategy

Bridges intends to use its strong market position in secondary schools to launch a variety of personalized career services that individuals can continue to use throughout their lifetime. Bridges intends to use its approximate 25% market share in North American middle and secondary schools and more than 3,000 proprietary articles to leverage growth in five directions: increased secondary school market share and revenues; new channel revenues from proprietary content; indirect revenues from vested partners; revenues from grad services partnerships; and revenues from alumni services. See “Strategy”.

Careerware Acquisition

Bridges acquired Careerware, a business unit of ISM Information Systems Management Corporation (“ISM”), a wholly-owned subsidiary of IBM Canada Limited on March 31, 2000 for approximately \$10.8 million. See “Careerware Acquisition”. Careerware was Bridges’ primary competitor in the North American secondary school marketplace, with more than 5,000 schools and 2,000 non-school subscribing sites in Canada, the United States, Hungary, and France as at March 31, 2000. The Careerware acquisition more than doubled the Company’s market share of career information services to North American middle and secondary schools.

Careerware’s Choices product line - provided primarily on CD-ROM - is the career information delivery system for 13 states and four provinces. As a result of the Careerware acquisition, Bridges now has province-wide distribution licences in the Maritime Provinces for Choices. The Choices resource is distributed in several states pursuant to state wide contracts, including Utah, Iowa, Florida, Mississippi, New Mexico, Louisiana and Maine. See “Key Products – Choices”.

Although the two companies historically competed for the limited resources of schools, Bridges believes their products are very complementary. Approximately 800 schools currently use both the Choices and CX resources.

Following the acquisition of Careerware, Bridges’ sales staff is now comprised of a team located in Kelowna, British Columbia focusing on the CX resource and the Careerware sales team distributed in regions throughout North America and focusing on the Choices resource. See “Employees”. The sales staff in Kelowna employ telephone communications, Internet presentations and conferences, and a free month’s trial to sell the CX resource. Each of the distributed sales staff from Careerware has experience in career development, either as a former teacher or as a career professional for adults or college students. Bridges believes this distributed sales has the experience necessary to provide training to schools and school districts for the Company’s resources, to assess the strengths and weaknesses of each school’s career programs, and to prescribe Bridges product solutions to satisfy program needs. Bridges believes that together, these teams provide the opportunity to provide both new market growth and increased usage and revenues per school. In May of 2000, the Company announced its Celebration 2000 initiative, which allows existing subscribers to either the CX or Choices product to subscribe to the other product for \$595 or U.S.\$395. The Company believes there is a good opportunity to create a value proposition for the combined customer base by unifying the best aspects of Career Explorer and Choices into a more comprehensive combined product solution. See “Strategy – Increased Secondary School Market Share”.

Details of the Offering

Issue: 3,250,000 Common Shares and 1,625,000 Warrants issuable upon the exercise of the Special Warrants previously issued by the Company.

Special Warrants: 3,250,000 Special Warrants were sold to investors on a private placement basis on March 30, 2000 at a price of \$5.55 per Special Warrant. The Special Warrants were issued under a special warrant indenture dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company, as warrant agent. Each Special Warrant is exercisable, without payment of additional consideration, into one Common Share and one-half (½) Warrant at any time prior to the earlier of 5:00 p.m. (Toronto time) (the “Expiry Time”) on: (i) the fifth business day after the day upon which a (final) receipt has been issued by the last of the securities regulators in each of the Provinces of British Columbia, Manitoba, Ontario and Quebec for a (final) prospectus qualifying the issuance of the Common Shares and Warrants to be issued on exercise of the Special Warrants (the “Qualification Date”); and (ii) March 30, 2001. If the Qualification Date has not occurred on or before July 28, 2000, each Special Warrant shall become exercisable, without payment of additional consideration, into 1.1 Common Shares and one-half (½) Warrant. Each Special Warrant that has not been exercised previously shall be deemed to have been exercised without any further action on the holder’s part, immediately prior to the Expiry Time. See “Private Placement and Plan of Distribution”.

Warrants: The Warrants will be issued under a separate warrant indenture dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company, as warrant agent. Each whole Warrant will entitle the holder to purchase one Common Share in the capital of the Company at an exercise price of \$5.90 per share at any time prior to the earlier of 5:00 p.m. (Toronto time) (the “Warrant Expiry Time”) on the date that is six months following the Expiry Time. See “Private Placement and Plan of Distribution”.

Use of Proceeds: The Company used approximately \$10.8 million of the net proceeds from the issuance of the Special Warrants to fund the purchase of Careerware. Approximately \$540,000 of the net proceeds were used by the Company to pay Canaccord Capital Corporation (“Canaccord”) for providing services as its exclusive financial advisor and agent in connection with the Careerware acquisition and approximately \$175,500 were used to pay other direct costs of the Careerware acquisition. See “Careerware Acquisition”. The balance of the net proceeds from the issuance of the Special Warrants, after payment of the Underwriters’ fees and expenses and the expenses of this offering, estimated at approximately \$359,000, will be used by the Company for general corporate purposes. See “Use of Proceeds”.

Dividend Record and Policy: To date, the Company has not paid any dividends to its shareholders. The Company intends to retain all available funds for use in the operation of its business and does not have any immediate plans to pay dividends. See “Dividend Record and Policy”.

Risk Factors: An investment in the Common Shares and Warrants is subject to a number of risks, all of which should be carefully considered by a prospective investor. These include but are not limited to: Bridges is a relatively new company; Bridges is in an industry that is subject to rapid technological change; market demand for the services of the Company are substantially dependent upon the continued adoption of the Internet network for educational commerce; intense competition could reduce Bridges’ market share and harm its financial performance; Bridges is dependent on its personnel and must effectively manage its growth; Bridges must effectively manage acquisitions; Bridges may require additional financing; fluctuations in exchange rates may affect Bridges’ operating results; Bridges’ quarterly results may fluctuate; Bridges may not be able to retain its customers or maintain the price of its services; there are many areas of day-to-day business transactions that may leave the company exposed to risk due to the absence of precedent applications of existing legislation and

regulations and specifically with respect to conduct in the media and market of the Internet; Bridges depends on its ability to develop and maintain the proprietary aspects of its technology; risks associated with domain names; network security risks; risk of product defects, system failure or inadequacy; dilution to shareholders; and Bridges' common share price may vary significantly. See "Risk Factors".

Summary Selected Financial Information

Bridges.com Inc.

The summary historical financial information set forth below has been derived from the financial statements of Bridges included herein and should be read in conjunction with those financial statements and related notes.

	Three month period ended		Years ended November 30		
	February 29, 2000 (Unaudited)	February 28, 1999 (Unaudited)	1999 (Audited)	1998 (Audited) (Restated) (1)	1997 (Audited) (Restated) (1)
Total Revenue	\$ 1,042,572	\$ 934,486	\$ 4,616,177	\$ 2,392,880	\$ 1,109,160
Net Earnings (Loss)	\$ (168,951)	\$ 92,043	\$ 267,783	\$ 781,669	\$ (309,124)
Basic earnings (loss) per share	\$ (0.02)	\$ 0.01	\$ 0.03	\$ 0.09	\$ (0.03)
Fully diluted earnings (loss) per share	\$ (0.02)	\$ 0.01	\$ 0.03	\$ 0.08	\$ (0.03)
Total Assets	\$ 4,329,467	\$3,450,564	\$ 4,846,131	\$ 3,044,161	\$ 1,607,034

(1) Information for the years ended November 30, 1998 and 1997 has been restated. See "Bridges Financial Statements – Note 3".

Careerware (A business unit of ISM)

The summary historical financial information set forth below has been derived from the financial statements of Careerware included herein and should be read in conjunction with those financial statements and related notes.

	Three month period ended	Years ended December 31	
	March 31,	1999	1998
	2000	(Audited)	(Unaudited)
	(Unaudited)	(thousands of dollars)	(thousands of dollars)
	(thousands of dollars)	(thousands of dollars)	(thousands of dollars)
Total Revenue	\$ 1,144,000	\$ 9,283,000	\$ 9,373,000
Divisional Income/ (Loss) (1)	\$ (806,000)	\$ 1,627,000	\$ 2,129,000

(1) The divisional statement includes specific allocations for the use of the ISM e-mail system and the cost of the building the business unit occupied in Ottawa. The e-mail charge is based on head count and the building charge is based on the square footage occupied. The divisional statement does not include allocations of general corporate overhead (audit fees and legal fees), interest or taxes.

THE FINANCIAL INFORMATION ABOVE CONCERNING CAREERWARE HAS BEEN PREPARED SOLELY AT THE REQUEST OF BRIDGES. ISM HAS NO LIABILITY WHATSOEVER FOR SUCH INFORMATION (OR THE ACCURACY THEREOF). BRIDGES IS SOLELY RESPONSIBLE FOR ALL THE CAREERWARE FINANCIAL INFORMATION CONTAINED IN THIS PROSPECTUS.

Pro Forma Consolidated for Bridges.com Inc.

The summary pro forma financial information set forth below has been derived from the pro forma condensed consolidated financial statements of Bridges after giving effect to the acquisition of Careerware and should be read in conjunction with the pro forma financial statements and related notes included herein. These pro forma condensed consolidated financial statements are not necessarily indicative of the financial position or the results of operations that would have occurred if the events reflected therein had been in effect at the dates indicated or of the operating results that may be obtained in the future.

	Three month period	Year ended
	ended	November 30 1999
	February 29, 2000	
	(thousands of dollars)	(thousands of dollars)
Total Revenue	\$ 2,288	\$ 14,205
Income (loss) before amortization, interest and income taxes	\$ (891)	\$ 2,860
Net Loss	\$ (1,817)	\$ (1,571)
(loss) per share	\$ (0.14)	\$ (0.12)
Total Assets	\$ 21,177	

Forward Looking Statements

This prospectus contains certain forward looking statements. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “proposes”, variations of such words and similar expressions are intended to identify these forward looking statements. Specifically, and without limiting the generality of the foregoing, all statements included in this prospectus that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital (including the amount and nature thereof), products under development, business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of the business and operations, plans and references to the future success of the Company are forward-looking statements, including, without limitation, those statements contained under the headings “Summary”, “Business of the Company”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors”, respectively, to this prospectus. Actual results could differ materially from those projected in the forward-looking statements as a result of certain factors, including those described in “Risk Factors”; general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies or partnerships in which they have equity investments; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company.

Readers are cautioned not to place undue reliance on forward-looking statements contained in this prospectus, which reflect the analysis of the management of the Company, as appropriate, only as of the date of this prospectus. There can be no assurance that the actual results or development anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or any of the business or operations of the Company.

THE COMPANY

Bridges.com Inc. (“Bridges” or the “Company”) was incorporated on March 10, 1994 pursuant to the *Business Corporations Act* (Alberta) under the name 602970 Alberta Ltd. On July 5, 1994 the Company changed its name to The Bridges Initiatives Inc. The Company amended its articles of incorporation on September 28, 1994 to delete the private company restrictions. On April 21, 1999 the Company changed its name to Bridges.com Inc. to reflect the nature of its digital career services.

Bridges has one wholly-owned subsidiary, Bridges.com Co., a company existing under the laws of the State of Washington.

The Company’s registered office is located at 7B – 1404 Hunter Court, Kelowna, BC, V1X 6E6.

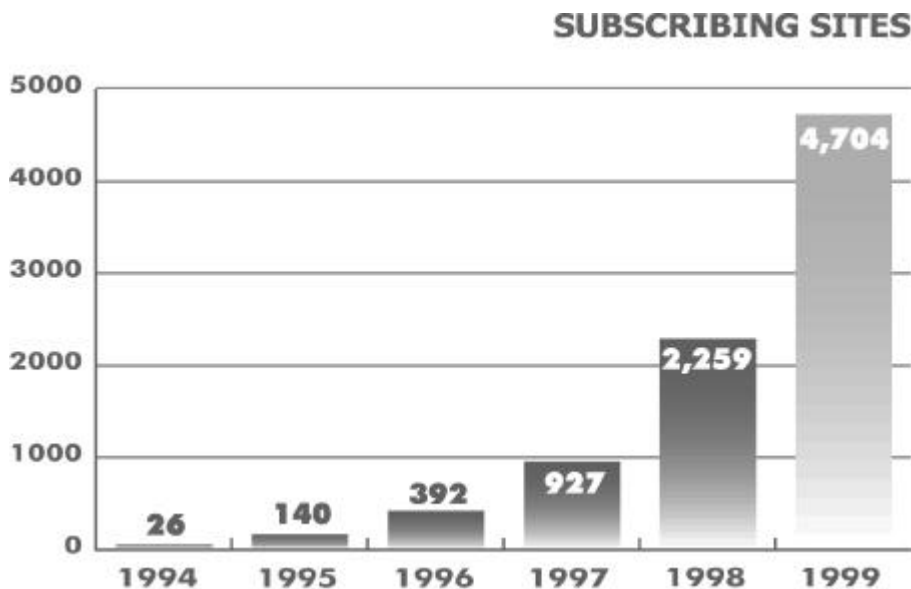
BUSINESS OF THE COMPANY

Overview

The Company is a career transitions company specializing in the provision of direct use career services. Bridges provides career information to schools, libraries, career centres and consumers through its Career Explorer (“CX”) and Choices resources and the publication of 14 online daily career news services. See “Key Products”.

Bridges was founded in 1994 by two career counsellors – Douglas J. Manning and David D. J. Cousins. After a year of market research with career counsellors and 12 – 18 year olds in British Columbia schools, Bridges formally launched its flagship product, CX in late 1995. CX is targeted at middle and secondary school students. Bridges licenses CX for an annual subscription fee which provides unlimited user access through the Internet and CD-ROM. CX offers a variety of content including: labour market news; profiles of specific careers; question and answer sessions with professionals; career planning tools; and educational resources. The product also offers a number of features aimed at career professionals including: articles on recent trends in counselling and career development; career related classroom activities for a variety of disciplines (e.g. math, science, English, etc.); and self directed online courses for career professionals. The Company has developed a proprietary database of over 3,000 career-related articles, with new articles added on most weekdays during the school year. In 1999, CX’s product group grew as the Company launched regional versions for public schools in West Virginia, Pennsylvania and Michigan. These three regionalized services, plus those already in place in Manitoba and North Carolina, extended the Company’s complement of customized CX services to five. See “Key Products – Career Explorer”.

During the last six years Bridges has experienced dramatic growth in its CX subscriber base from 26 subscribers in November 1994 to 4,704 subscribers in December 1999.



Originally, the company marketed and sold CX only in Canada. In December 1996, the company officially began marketing CX in the United States. The percentage of total revenue to customers in the United States has increased from 45% in the year ended November 30, 1997 to 85% in the three months ended February 29, 2000. See “Bridges Financial Statements – Note 12”. Currently, approximately 95% of new sales are to customers in the United States.

Early in 1999, the Ontario Ministry of Education purchased one-year subscriptions to CX for the province’s 750 English public secondary schools. The Company has also signed regional sales agreements with the Province of Manitoba and San Bernardino County, California. In the United States, CX is distributed through State Occupational Information Co-ordinating Committees (SOICCs) in North Carolina and South Carolina. In addition, West Virginia provides CX through its Department of Education. The signing of regional deals with Ontario, Manitoba, North Carolina, South Carolina and San Bernardino County, California has assisted in increasing Bridges’ penetration rate. Each of these agreements are one year renewable agreements, with the exception of the San Bernardino agreement, which has a two-year term and the South Carolina agreement, which has a four-year term.

Over 90% of all CX subscribers renewed their subscriptions in fiscal 1999. It was the fourth consecutive year in which the Company enjoyed a re-subscription rate of 90% or greater.

As at April 30, 2000, including subscriptions to Careerware resources (See “Careerware Acquisition”), more than 9,000 middle and secondary schools subscribed to Bridges’ career tools (approximately 25% of the North American market) and more than 2,000 non-school sites subscribed to Bridges resources, including libraries, employment centres, rehabilitation centres, colleges, and correctional facilities.

Careerware Acquisition

On March 31, 2000, Bridges acquired Careerware, a business unit of ISM Information Systems Management Corporation (“ISM”), a wholly-owned subsidiary of IBM Canada Limited for approximately \$10.8 million plus acquisition costs of approximately \$175,500. Careerware was Bridges’ primary competitor in the North American secondary school marketplace, with more than 5,000 schools and 2,000 non-school subscribing sites in Canada, the United States, Hungary, and France as at March 31, 2000. The Careerware acquisition more than doubled the Company’s market share of career information services to North American middle and secondary schools.

Bridges engaged Canaccord Capital Corporation (“Canaccord”) to act as its exclusive financial advisor and agent in connection with the Careerware acquisition pursuant to an agreement dated August 26, 1999. Bridges paid Canaccord approximately \$540,000 for providing such services.

Careerware’s Choices product line - provided primarily on CD-ROM - is the career information delivery system for 13 states and four provinces. As a result of the Careerware acquisition, Bridges now has province-wide distribution licences in the Maritime Provinces for Choices. The Choices resource is distributed in several states pursuant to state wide contracts, including Utah, Iowa, Florida, Mississippi, New Mexico, Louisiana and Maine. See “Key Products – Choices”.

Although the two companies historically competed for the limited resources of schools, Bridges believes their products are very complementary. Approximately 800 schools currently use both the Choices and CX resources.

Following the acquisition of Careerware, Bridges’ sales staff is now comprised of a team located in Kelowna, British Columbia focusing on the CX resource and the Careerware sales team distributed in regions throughout North America and focusing on the Choices resource. See “Employees”. The sales staff in Kelowna employ telephone communications, Internet presentations and conferences, and a free month’s trial to sell the CX resource. Each of the distributed sales staff from Careerware has experience in career development, either as a former teacher or as a career professional for adults or college students. Bridges believes this distributed sales team has the experience to provide training to schools and school districts for the Company’s resources, to assess the strengths and weaknesses of each school’s career programs, and to prescribe Bridges product solutions to satisfy program needs. Bridges believes that together, these teams provide the opportunity to provide both new market growth and increased usage and revenues per school. In May of 2000, the Company announced its Celebration 2000 initiative, which allows existing subscribers to either the CX or Choices product to subscribe to the other product for \$595 or U.S.\$395. The Company believes there is a good opportunity to create a value proposition for the combined customer base by unifying the best aspects of Career Explorer and Choices into a more comprehensive combined product solution. See “Strategy – Increased Secondary School Market Share”.

INDUSTRY OVERVIEW

There were an estimated 150 million people in the American and Canadian labour force in 1999 (Source: Time Almanac 2000). A 1996 study of the American workforce by the U.S. Bureau of Labor Statistics revealed a worker’s median years of tenure with their current employer to be 1.2 years for 20 – 24 year olds, 2.8 years for 25 – 34 year olds, 5.3 years for 35 – 44 year olds, and 8.3 years for 45 – 54 year olds. The average tenure for all workers in that study was 3.8 years with their present employer. As a result, Bridges expects that the average individual will experience at least 10 career/educational transitions during their lifetime, with at least half of them occurring before the age of 35. These transitions, or movements between various types of work and education, will be many when they are young and will decrease in number as they get older.

Although there has been an increase in the frequency of career and educational transitions, in Bridges' management's experience, there has not been a corresponding adjustment in career development training provided in schools, colleges, and institutions supporting the labour market. With more than 10 transitions in their lifetime, Bridges believes that each individual requires the skills and attitudes of a self-directed entrepreneur, able to present themselves, seek work, upgrade their skills, and provide their talents to a variety of individuals and organizations.

The Company believes that school and college curriculums throughout North America have responded slowly to the trend towards increasing numbers of career transitions, with most programs providing a scarcity of optional career programs and services. One exception is the British Columbia Ministry of Education, which has mandated school-wide career development education for the K – 12 grades. Bridges' CEO and co-founder, Douglas J. Manning, was a key contributor to the original development of this mandated program. See "Business of the Company – Overview". The American government has also responded to this challenge, offering funds to support the introduction of career programs through School-To-Work, Workforce Development, Tech Prep, and local state funds. \$1.18 billion is allocated by the U.S. Department of Education in 2001 for vocational education. (Source: U.S. Department of Education FY 2001 Budget Summary). Although these government agencies are initiating responses to improve schools' ability to prepare young people for the constantly changing workplace, already-busy schools struggle to integrate meaningful career programs into existing programs.

Education based school or district funding is one hurdle that the Company must overcome in signing-up new subscribers. The sales cycle is typically from six to 12 months from time of first contact to final sale. The long sales cycle can be attributed to the annual nature of school budget cycles. Bridges has an advantage over its competitors because its product can be used across disciplines within a school. See "Key Products". This diversity enables Bridges to tap into a larger number of potential funding sources.

THE BRIDGES CONCEPT

Bridges' primary focus is on an individual's first career transition, the movement from secondary school to work or post-secondary education. Approximately three million young people make this transition each year from 20,000 Canadian and American secondary schools (Source: U.S. Bureau of Labor Statistics; U.S. Department of Educational Statistics; Education Indicators in Canada report). In Bridges' management's experience, the vast majority of these individuals are poorly prepared, electing to leave their future to chance or to choose a path that aligns with the expectations or assessment of someone else, usually a parent or an educator.

Bridges provides tools to support a new, more self-reliant way to approach career transitions. The Company organizes its services around the theme of "Take Charge of Your Future", and provides self-directed services that have been designed to enable young people to stay informed, make plans, and get more directly involved in the achievement of their career/life goals.

There are five key elements to Bridges' career services:

- 1) **Career Awareness Tools** – Bridges provides magazine-style daily news services and customizes them to reflect state or provincial labour market trends and educational pathways.
- 2) **Career Exploration Tools** – Bridges provides a variety of digital libraries, assessments, search tools, online experts, and request services that support the development of various career interests.

- 3) **Career Planning Training and Tools** – Bridges provides a variety of self-directed courses and digital planning tools that assist individuals to create these plans.
- 4) **Career Transition Tools** – Bridges provides tools that help people to keep online records of work experiences, educational credentials and personal networks.
- 5) **Professional/Parent Support Tools** – Bridges creates a variety of daily or weekly information services targeted at various individuals who can support the career development of a young person. The Company also supplies digital libraries, 1-800 support, and a variety of technical tools to enable others to support the career development of young people.

KEY PRODUCTS

Bridges provides career information to schools, libraries, career centres and consumers through its Career Explorer and Choices resources, and the publication of 14 online daily career news services. The Company's goal is to create accessible, responsive resources that are up-to-date, easy-to-use, and customized to align with the interests of the market. The Company's resources have been designed for use by young people without the assistance of others, making them an easy tool to use for busy counsellors and other school personnel.

Career Explorer ("CX")

CX is a subscription resource licensed to middle and secondary schools in North America. As of April, 2000, over 5,000 schools had subscribed at an average fee of \$1,200 per year to access Career Explorer services. Called "the Swiss Army Knife of career resources" by Technology and Learning Magazine, CX provides tools for career awareness, career exploration and planning, career transition, and career educator support. CX is available in a Canadian and American version. Regional versions have also been created for British Columbia, Manitoba, Michigan, North Carolina, Pennsylvania, and West Virginia.

The Company delivers its CX resource through the Internet and CD-ROMs. CX is sold and serviced through the telephone and created and delivered online and by CD-ROM, significantly reducing costs of development and distribution.

CX is targeted at middle and secondary school students. CX offers a variety of content including: labour market news, profiles of specific careers, question and answer sessions with professionals, career planning tools, and educational resources. The product also offers a number of features aimed at career professionals including: articles on recent trends in counselling and career development, career related classroom activities for a variety of disciplines (e.g. math, science, english, etc.) and self directed online courses for career professionals. The Company has developed a proprietary database of over 3,000 career-related articles, with new articles added on most weekdays during the school year.

The CX product is divided into two components. The first is targeted at students and the second is targeted at career counsellors and professionals. The student view of CX is designed to allow a student to walk through the career transition process that was outlined in "The Bridges Concept" Section. Students are able to create their own portfolios, allowing them to save information on careers of interest, create an online career plan and build a resume. Professionals are provided with a variety of timely career and educational resources along with pre-designed lesson plans for using CX with their students. Bridges has also developed a number of tools that have been designed to keep students and professionals coming back to the website on a regular basis. Examples include a daily career news, online experts, self-directed courses, monthly professional newsletters, new lesson

plans, and daily career news links for professionals. These tools assist the Company in developing a deeper relationship with its users. Bridges has the opportunity to capitalize on these relationships in the future by expanding into new products and services. See “Strategy – New Channel Revenues from Proprietary Content”.

Bridges owns a vast amount of proprietary content for its CX product which includes approximately 3,000 articles, including 700 career profiles. The Company believes that two of the keys to its success are the current factual content provided by CX and its process for creating and publishing content. Bridges uses a very specific formula to provide information that customers want to read about in their products. The Company receives, on average, 700 requests per month from readers asking for more information on specific topics. These requests are filtered and forwarded to the editorial group, which assigns the topics to individual writers. Over 50% of Bridges’ monthly production is the direct result of customer requests. The Company believes that the tightly controlled production process and active incorporation of customer requests are a key strength for Bridges.

Choices/Choices CT/eChoices

The Choices resources are sold to secondary schools, rehabilitation centres, employment centres, libraries, colleges, and correctional facilities. As of April 2000 over 5,000 schools and 2,000 non-school sites had subscribed at an average fee of \$1,000 per year to access Choices services. Choices is the secondary school product, Choices CT is the adult services/college product, and eChoices is the recently developed Internet version of Choices. Choices products are available in Canadian, American, Hungarian, and French versions.

The Choices line of products are presented in a sequence of career planning that begins with a career assessment, which leads to a list of recommended types of work. This leads to recommended educational programs and institutions that provide those programs. These features are currently provided in an easy-to-use interface, primarily on a CD-ROM with links to online sites.

Online Career News Services

Career Advantage/@Bridges

Bridges’ Career Advantage products are sold by subscription directly to consumers, with assistance from MSN.ca and Monster.ca, marketing partners for the Advantage resource. Each partner receives a free weekly news service on their site, called @Bridges.

Bridges entered into a joint marketing agreement with Microsoft Corporation on March 7, 2000. Information on emerging careers, employment and online education from Bridges’ Career Advantage product is included in the weekly WebCourier electronic magazine (“e-zine”) sent to MSN.ca’s Hotmail users. In return, Bridges receives a set number of promotional banners each month. Bridges also agreed to pay Microsoft Corporation \$200,000 to be one of four MSN “anchor providers” in the “Careers and Education” category on the MSN.ca website for a one year period. As a result, Bridges receives preferential Company location in the “Careers and Education” category on the MSN.ca website. Bridges hopes to use this advertising to help drive traffic to the Bridges’ website and increase brand awareness among consumer users.

On March 8, 2000, Bridges signed a one year agreement in principle with TMP Worldwide’s Monster.ca website to provide Careers 101, a career/life-planning tool. The Careers 101 product, which the Company expects to be available in June, 2000, will be a repackaged version of Bridges’ Career Advantage product available to consumers for a monthly subscription fee of \$25. Monster.ca and Bridges will each receive an equal share of revenue generated from the sale of the Careers 101 product.

The Company's relationships with Microsoft and Monster.ca represent the first steps in Bridges' expansion outside of its core school and education market. See "Strategy".

CX Pro/Career Pro News

CX Pro is an online library of career services that supports CX and provides career development training to career educators. The Career Pro News is a free daily information service for career professionals. These two resources are designed to provide tools to career professionals that enable them to assist young people with their career planning and transitions.

Career Parent Magazine

Three free weekly parenting e-zines, targeted at parents of 8 – 12, 13 – 17, and 18+ year olds, provide parents with perspectives, activities, and resources for assisting with their child's career development.

Career Channel

A free online collection of career-related links, organized around various labour market sectors ("channels"). Targeted at 18 – 30 year olds, this resource provides the "hottest and coolest" links to work, play, learning, and venture-related websites.

Other Online Resources

Since 1998, Bridges has provided syndicated daily career news content to Canada WorkInfoNet, a not-for-profit organization funded by the Canadian government. In addition, Bridges provides daily news content to the Pennsylvania School-To-Work office, the North Carolina State Occupational Information Co-ordinating Committee, the Manitoba School Counsellor's Association and the West Virginia Department of Education.

In the third quarter of fiscal 1999 Bridges was contracted to work with CanLearn, a division of Human Resources Development Canada. The Company's content development team now produces The Learning Edge, a daily online educational information service for Canadians.

STRATEGY

Bridges intends to use its strong market position in secondary schools to launch a variety of personalized career services that individuals can continue to use throughout their lifetime. Bridges intends to use its approximate 25% market share in North American middle and secondary schools and more than 3,000 proprietary articles to leverage growth in five directions: increased secondary school market share and revenues; new channel revenues from proprietary content; indirect revenues from vested partners; revenues from grad services opportunities; and revenues from alumni services.

Increased Secondary School Market Share

Over the last three years, Bridges and Careerware have signed a number of large regional agreements covering Canadian provinces and U.S. states. See "Business of the Company". These regional licensing agreements for CX and Choices increase the Company's penetration within the middle and high school markets. These regional licensing agreements enabled the Company to reduce the sales effort required to sign-up individual school boards

or schools. Under these agreements, Bridges concentrates on marketing the service to educators to help ensure that usage levels are high enough to warrant a re-subscription to CX and/or Choices.

Bridges will continue to concentrate its sales and marketing focus on increasing sales to the secondary school marketplace. This sales initiative will be assisted by the intended addition in 2001 of CX One, a new subscription service, based on the current Career Explorer resource, to include a grade four reading level, mouse-over talking graphics, large text, more graphics, and audio features. CX One will be designed to allow English as a Second Language students, low literacy students, visually challenged students and others with special needs to access up-to-date career information. CX One will also provide access to funds in the U.S. under Title One of the Elementary and Secondary Education Act (ESEA), targeted at supporting the 12.2% of American school students identified with special needs (Source: U.S. Dept. of Education).

Bridges believes the addition of the Careerware sales team to the existing Bridges' sales team also provides the opportunity to provide both new market growth and increased usage and revenues per school. The Company also believes there is a good opportunity to create a value proposition for the combined customer base by unifying the best aspects of Career Explorer and Choices into a more comprehensive combined product solution. See "Careerware Acquisition".

New Channel Revenues from Proprietary Content

Bridges produces new career, labour market, recreation, education, and/or skills-related content on most weekdays during the school year. This content is in digital form and is proprietary, which allows the Company to re-purpose it at low cost for new markets. The Company intends to create new revenue streams from existing content in the following areas: elementary/middle schools, colleges, special education programs, adult services (libraries, employment centres, rehabilitation centres, human resources departments) and home users. Strategic partnerships, like the ones initiated with MSN.ca and Monster.ca, will be used to support the direct distribution of this re-purposed content to new markets. See "Key Products – Career Advantage/@Bridges".

Indirect Revenues from Vested Partners

Bridges intends to create and distribute career services to educators, career professionals, librarians and parents in order to enhance their ability to support the career planning pursuits of young people. These individuals have a vested interest in encouraging young people to more proactively create a future they desire. The Career Pro News and Career Parent Magazine have already been created to begin this initiative. See "Key Products" – "CX Pro/Career Pro News" and "Career Parent Magazine". These resources are free to these individuals and have been created to support the Company's goal of increasing the use of our career planning tools and information services.

Grad Services Revenues from Strategic Partnerships

Bridges expects to see a significant increase in the number of goal-oriented individuals coming out of secondary school. The Company believes that these young people will want access to services that enable them to achieve their career goals, as well as access to services that assist them to establish themselves as independent individuals, separate from the support and resources of their parents. Bridges is exploring opportunities to offer tools to be developed by or in co-operation with potential strategic partners to assist with the application to work or post-secondary education in conjunction with the offering of Bridges' current resources.

Alumni Services Revenues

Bridges expects graduates who have used Bridges' resources for career development will continue to experience career transitions throughout their lifetime. See "Industry Overview". Having developed a relationship with Bridges' resources, the Company expects that many graduates will seek to maintain their awareness, exploration, planning, and transitional services that have been available for free throughout their high school career. The Company intends to examine opportunities to establish a personalized version of CX which would establish a business to consumer relationship between Bridges and the student that could be carried with the user throughout life. This personalized version of CX could maintain personal and professional records, store personal job search documents, provide links to a variety of application services, and provide the latest college, scholarship, labour market, and job information related to specific sectors of interest.

COMPETITION

The market for Bridges' products and services is highly competitive and Bridges believes that it will become increasingly competitive in the foreseeable future as its current competitors increase the sophistication of their offerings and as new participants enter the market. The market is evolving rapidly from both a commercial and a technological perspective. Bridges believes that the principal competitive factors affecting its market include the breadth of the resources offered, distribution breadth, product quality, customer support and demonstrable value for the customer. Although Bridges believes that its products compare favourably with respect to these factors, the market is relatively new and is developing rapidly.

Bridges currently faces competition from many sources, including other career or educational services provided in book, CD-ROM, and online form. Bridges' current competitors in the CD-ROM and online career transition market are a mix of smaller private companies and not-for-profit public firms. Principal competitors include:

ACT Inc. ("ACT") - distributes a product called DISCOVER which offers career information to middle and high school students. ACT is an independent, non-profit organization that sells DISCOVER for as much as U.S.\$3,500 per subscriber. DISCOVER serves individuals from high school through adult, providing similar services to the Choices resource. DISCOVER incorporates several commonly used interest, abilities, and personality tests. However, DISCOVER has no customized content for users.

Embark.com Inc. ("Embark") - is a San Francisco based private company, formerly known as CollegeEdge. Embark sells products aimed at the U.S. College application market. In an effort to build a feeder system of students they have expanded their product offerings to include career exploration software. Embark's Education and Career Opportunities System is being used by a large number of high schools across the United States. Embark.com has partnerships with many undergraduate and graduate programs worldwide and a significant registered user base. Embark has partnered with a number of business sponsors including Excite@Home, U.S. News & World Report, Capital One, Visa and United Airlines' College Travel Network.

Hobsons Digital Media Inc. ("Hobsons") - is a UK based company with offices in the United States. Hobsons produces and markets three products called CollegeView, Gradview and CareerView. CollegeView is an online college search service that offers virtual tours of hundreds of colleges and universities across North America. GradView is focused on graduate programs and is similar in design to CollegeView. The CareerView product is designed to enable students to match their interests and abilities with potential careers, and is offered online and by CD-ROM. Hobsons offers a variety of other services targeting colleges and universities including electronic application processing, marketing programs aimed at recruiting students and custom development of college

websites. Average sale price is \$1,500 per school. Hobsons' focus has been, until recently, primarily targeted towards college preparation services.

Government Systems - a variety of different states and provinces have developed their own systems to provide career information. These systems tend to be indirect competitors to Bridges products and are typically less of a threat than products from smaller private companies.

Bridges believes that products currently offered by the above competitors use a more traditional format and writing style and lack the classroom activities included in the Company's resources. Bridges differentiates itself from these other providers of career information by offering:

- an up-to-date product that is regularly revised to include recent developments and incorporate customer requests;
- unique features (e.g. live career conversations with professionals);
- a strong customer service that is adapted to the education market;
- the ability to customize Career Explorer content to local requirements; and
- tools that have been designed to keep students and professionals coming back to the website on a regular basis. See "Key Products".

INTELLECTUAL PROPERTY

The Company's intellectual property (which includes published articles and graphics, trade-marks, trade secrets, trade names, domain names and software) is extensive and integral to its success. In addition to copyright and trade-mark law, the Company protects its intellectual property through trade secret protection and confidentiality and/or license agreements with: employees; contract writers and consultants; prospective and actual business partners; distributors; end-users; and institutional customers.

The Company has obtained federal trade-mark registrations for:

- Career Advantage™ (Canada);
- Career Detective™ (Canada); and
- Careerware™ (Canada and the United States).

Trade-mark applications have also been filed for:

- Careerware design™ (Canada and the United States);
- Logicarrieres™ (Canada and France);
- Bridges™ (Canada and the United States);
- Bridges.com™ (Canada and the United States); and
- Career Channel™ (Canada).

The Company has licenses to use the following trade-marks:

- Career Explorer™ (by way of permission received from the registered holder of Explorer™);
- Choices™ (by way of license from Her Majesty the Queen in Right of Canada).

The Company has also registered 29 domain names. The Company will evaluate pursuing applications for registration of additional trade-marks and domain names as appropriate.

Despite Bridges' efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that the Company regards as proprietary. The precautions described above may not prevent misappropriation or infringement of the Company's intellectual property. In addition, laws of some countries do not protect the Company's proprietary rights to the same extent as do the United States or Canada. Bridges cannot be certain that protection of its proprietary rights will be adequate.

There has been a substantial amount of litigation in the software and Internet industries regarding intellectual property rights. It is possible that in the future third parties may claim that Bridges or its current or potential future products infringe their intellectual property. Bridges expects that software product developers will increasingly be subject to infringement claims as the number of products and competitors in its industry grows. Furthermore, former employers of Bridges' current and future employees may assert that our employees have improperly disclosed confidential or proprietary information to us. Any such claims, with or without merit, could be time-consuming to defend, divert management's attention and resources, result in costly litigation, cause product shipment delays or require Bridges to enter into royalty or licensing agreements which may not be available on terms acceptable to us or at all. In addition, parties making these claims may be able to obtain an injunction, which could prevent the Company from selling its products in Canada or the United States or abroad. A successful infringement claim against Bridges and its failure or inability to license the infringed rights or develop or license technology with comparable functionality could have a material adverse effect on the Company's business, operating results and financial condition.

See "Risk Factors" – "Government Regulation and Legal Uncertainties", "Intellectual Property Rights" and "Risks Associated with Domain Names".

PROPERTIES

The Company has entered into a total of six leases in respect of approximately 26,000 square feet of office space at 1404 and 1414 Hunter Court, Kelowna, British Columbia and 2300 St. Laurent Blvd., Ottawa, Ontario. Pursuant to the terms of the leases in Kelowna, the Company is required to make monthly minimum lease payments of \$9,171 to August 31, 2001. Pursuant to the terms of the lease in Ottawa, the Company is required to make monthly minimum lease payments of \$16,464 to April 30, 2001.

The Company believes these leases can be renewed on reasonable terms or suitable office space and facilities will be available on reasonable terms upon the termination of these leases, in order to accommodate the Company's operations.

EMPLOYEES

Bridges is headquartered in Kelowna, British Columbia and has a branch office in Ottawa, Ontario. As at May 31, 2000 the Company employed 156 staff, with 106 employees in Kelowna, and 50 in Ottawa. The staff is split as follows: 26 in sales, 26 in administration, 15 in customer support, 22 in content development, 52 in programming and 15 in management. In addition, the Company has 14 contracted sales staff in the United States, and an additional 60 contracted writers, researchers, and trainers.

The Company is able to control its fixed costs by contracting as required the 60 writers, researchers and trainers that provide services to the Company. These contractors are engaged under specific terms to complete assignments according to a predefined format (such as page length, writing style and required research).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis by management of the results of operations and financial condition of the Company should be read in conjunction with the disclosure contained throughout this Prospectus and the financial statements and notes thereto.

Overview

Over the past three years the Company has expanded its core business by developing the Career Explorer online service and securing a solid position in the middle and secondary school market. During this time, the Company's revenues have been derived substantially from:

- subscription sales to clients either on a site-by-site, district or regional basis; and,
- customized regional versions of the service.

The Company generates the majority of its revenue through its information database products. The information database products revenues are generated from the licensing of the right to use the Company's information database directly to end users, making it available in both CD-ROM and online formats. The Company's revenues from information database products are earned from the delivery of two elements: (1) delivery of a CD-ROM information database and (2) online subscription services and database access over the license period. Revenues from CD-ROM information database licences are recognized upon delivery of the CD-ROM. During the year ended November 30, 1999, the Company retroactively changed its revenue recognition policy for online information database products and services to recognize such revenue ratably over the term of the contract, typically one year. In prior years, the Company recognized revenue from online service contracts at the time access to the service commenced. Results for prior years have been restated to reflect the adoption of the new revenue recognition policy

Operating expenses are classified into four categories: cost of services; sales and marketing; and general and administrative; and other.

Cost of services includes staffing costs to develop and publish content in digital formats, primarily on the Internet. This consists primarily of writing, research and editing staff, as well as technical and customer support teams.

Sales and marketing expenses consist of payroll and sales incentives for our sales team, as well as costs for sales and marketing programs, telephone costs (sales are generally developed by telephone and online communications), trade show presentations and marketing support materials.

General and administrative expenses consist of personnel costs for administration, finance, human resources and general management. As well, these costs include facilities and related expenses.

While directing additional resources toward expanded market opportunities, the Company has continued to focus on revenue growth. Revenues increased from approximately \$286,000 in fiscal 1996 to \$1.109 million in 1997, \$2.393 million in 1998, and \$4.616 million in 1999.

The number of subscribers also increased substantially each year, from 392 in fiscal 1996 to 927 in 1997, 2,259 in 1998 and 4,704 in fiscal 1999. As the subscriber base increases, the subscription renewal rate becomes increasingly important to the Company's annual subscription revenues. Re-subscription rates have been strong, with 93% of subscribers renewing their subscriptions in 1996, 91% in 1997, 90% in 1998, and 90.7% in 1999.

The Company's websites recorded 500,000 page views in fiscal 1996, rising to 2.7 million in 1997, 8.9 million in 1998, and 40 million page views in 1999.

Results of Operations

Three Months Ended February 29, 2000, Compared to the Three Months Ended February 28, 1999

Revenues for the three months ended February 29, 2000, were \$1,042,572 compared to \$934,486 for the same period ending February 28, 1999, reflecting an increase of 12%.

The Company completed 360 new site sales in the first quarter of fiscal 2000. This compares to 361 site sales, plus a province-wide purchase by the Ontario Ministry of Education for 750 English-speaking and 82 French-speaking schools during the first quarter of fiscal 1999.

During the first quarter of fiscal 2000 our online services received 20,340,500 page views. During the first quarter of fiscal 1999 our services had 6,272,000 page views.

Cost of services, sales and marketing, general and administrative and other expenses increased to \$1,268,413 for the first three months of 2000, from \$684,357 for the same period in 1999. This increase is due to enhancements made to internal systems and increased staffing in the administrative, technical, publishing, customer support and sales departments to support the Company's growth.

The Company reported a loss before income taxes of \$307,184 for the three months ended February 29, 2000, compared with earnings before income taxes of \$167,351 for the same period last year. This reduction in earnings before income taxes is due in large part to the extra expenditures incurred to support the growth of the Company.

An income tax recovery of \$138,233 was reported for the period ended February 29, 2000, which resulted in a net loss of \$168,951, compared to net earnings of \$92,043 for the same period last year.

The year ended November 30, 1999 Compared to the year ended November 30, 1998

The Company reported \$4,616,177 in revenues in the year ended November 30, 1999, an increase of 93% over revenues of \$2,392,880 in the year ended November 30, 1998. The growth is attributed to an increased market awareness of the Career Explorer product, high rates of re-subscription (90.7% in 1999), an expanding market for Internet solutions in education, and the increase of our sales team from 6 to 10 sales representatives in September of 1998.

Cost of services (consisting primarily of staffing costs for the publishing, technical and customer support teams) increased from \$548,959 in the year ended November 30, 1998 to \$1,331,106 in the year ended November 30, 1999, reflecting the addition of regional editing staff for West Virginia, Michigan, Pennsylvania and North Carolina, the addition of an educational content team for the CanLearn project and added staff to introduce new consumer-related products in fiscal 2000.

The technical team was expanded in the year ended November 30, 1999 to assist in new product development and the creation and implementation of new internal publishing, subscriber tracking and financial systems.

Increases in sales and marketing expenses and general and administrative expenses are largely due to the increase in the sales team from 10 to 18 sellers in 1999 and the hiring of additional staff for the administrative and customer support teams to meet the needs of the increasing number of subscribing sites.

Bridges generated \$496,853 in pre-tax earnings in the year ended November 30, 1999, 87% higher than \$265,236 in pre-tax earnings for the year ended November 30, 1998. After taxes, earnings were \$267,783 in the year ended November 30, 1999, or \$0.03 per share. In the year ended November 30, 1998, a tax recovery from prior years of \$516,433 resulted in earnings of \$781,669, or \$0.09 per share.

The year ended November 30, 1998 Compared to the year ended November 30, 1997

Revenues increased to \$2,392,880 in the year ended November 30, 1998 from \$1,109,160 in the year ended November 30, 1997, representing an increase of \$1,283,720 or 116%. The increase was primarily attributable to:

- (1) aggressive expansion into the U.S. market;
- (2) expansion of Bridges' in-house sales force;
- (3) the increased number of secondary schools now wired to the Internet; and
- (4) increased government funding to school career-development programs.

Costs of services, sales and marketing and general and administration increased to \$1,790,920 in the year ended November 30, 1998 from \$1,070,822 in the year ended November 30, 1997, representing an increase of \$720,098, or 67%. The increase in operating expenses was attributable to increased direct selling and content expenses relating to the 116% increase in revenue over fiscal 1997 and increases in staffing and technical systems to meet the projected growth in subscribers.

The Company generated income before taxes of \$265,236 in the year ended November 30, 1998, representing a \$574,360 increase over losses of \$309,124 in the year ended November 30, 1997.

The Company reported an income tax recovery of \$516,433 for the year ended November 30, 1998, which resulted in net earnings of \$781,669, compared to a net loss of \$309,124 in the year ended November 30, 1997. This income tax recovery resulted from the adoption of recommendations of the Canadian Institute of Chartered Accountants on accounting for income taxes.

Liquidity and Capital Resources

The Company had a negative cash flow of \$211,038 from its operations for the three months ended February 29, 2000. The negative cash flow from operations was primarily the result of the loss for the period due to increased levels of operating activities. Cash flow from operations has increased from \$72,770 for the year ending November 30, 1997 to \$859,146 for the year ended November 30, 1998 and \$1,489,920 for the year ended November 30, 1999.

The Company received \$329,549, \$229,701 and \$256,220 from the issuance of securities in the years ending November 30, 1997, 1998 and 1999, respectively.

The Company's investing activities, consisting mainly of the purchase of capital assets and expenditures on deferred development costs, increased from \$169,835 to \$241,236 and \$726,549 for the years ending November 30, 1997, 1998 and 1999 respectively.

Bridges' capital requirements depend on a number of factors. The Company expects to devote substantial resources to continue its product development efforts and expand its infrastructure to support its growth. The Company anticipates that capital expenditures will continue to increase in absolute dollars in the foreseeable future.

At February 29, 2000, the Company had positive working capital of \$475,401. The Company received net proceeds of \$16,774,875, before estimated costs of the offering of \$359,059, from the issue of Special Warrants on March 30, 1999, approximately \$11.5 million of which was used for the Careerware acquisition. Bridges currently expects that working capital on hand and cash generated from operations will be sufficient to meet its anticipated operating and capital requirements. If not, Bridges may need to raise additional funds or seek other financing arrangements. Additional funding may not be available on favourable terms or at all. In addition, although there are no present understandings, commitments or agreements with respect to any acquisition of other businesses or products, the Company may, from time to time, evaluate potential acquisitions of other businesses or products. In order to complete such acquisitions, Bridges may issue additional securities or need additional equity or debt financing, and any such financing may be dilutive to existing investors.

PRINCIPAL SHAREHOLDERS

The following table sets forth the name of every person or corporation who, to the knowledge of management of Bridges, beneficially owned, directly or indirectly, or exercised control and direction over more than 10% of the voting securities of Bridges as at May 31, 2000, before and after the offering.

Name and Address	Type of Ownership	Number of Common Shares	Percentage of Class Before Offering	Percentage of Class After Offering⁽³⁾
David D.J. Cousins	Direct and Indirect	1,750,900 ⁽¹⁾	18%	13.5%
Douglas J. Manning	Direct and Indirect	1,300,000 ⁽²⁾	13.4%	10%

⁽¹⁾ Of these Common Shares: 132,000 are owned directly; 1,003,900 are owned by T130 Enterprises Ltd., a private company wholly-owned by David D.J. Cousins; and David D. J. Cousins controls the voting of 615,000 owned by 532737 BC Ltd., a private company owned as to 50% by each of Jerry Scherle and David D.J. Cousins.

⁽²⁾ Of these Common Shares, 800,000 are owned directly and 500,000 are owned by T131 enterprises Ltd., a private company wholly-owned by Douglas J. Manning.

⁽³⁾ After giving effect to the exercise of the Special Warrants, but not the Warrants or Compensation Warrants.

The Directors and officers of Bridges, as a group, beneficially own, directly or indirectly, or exercise control and direction over 4,103,200 Common Shares as at June 9, 2000, being 42.2% of the issued and outstanding Common Shares before giving effect to the exercise of the Special Warrants and 31.6% of the issued and outstanding Common Shares after giving effect to the exercise of the Special Warrants but not the Warrants or Compensation Warrants. In addition, as at June 9, 2000, the Directors and officers of Bridges, as a group, hold options under the Company's stock option plan to purchase an additional 1,041,000 Common Shares. See "Stock Option Plan".

DIRECTORS AND OFFICERS

The Company's Board of Directors currently consists of five Directors. The following table sets forth the names, municipality of residence, position held with the Company and principal occupation during the past five years of each of the Directors and officers of the Company.

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Principal Occupation</u>
John C. Simmons ⁽¹⁾ Victoria, British Columbia	Chairman and Director	President of J.C. Simmons and Associates.
Douglas J. Manning Kelowna, British Columbia	Chief Executive Officer, President and Director	Chief Executive Officer President and Director
Edward J. Hall ⁽¹⁾⁽²⁾ Kelowna, British Columbia	Director	Co-President of Canadian Adult Communities Ltd.
Terry M. Holland ⁽¹⁾ Vancouver, British Columbia	Director	President and Chief Executive Officer of Trimin Capital Corp.
James R. Yeates ⁽²⁾ Vancouver, British Columbia	Director	Chairman and Chief Executive Officer of Burntsand Inc.
John B. Walker Bellingham, Washington	Officer	Chief Financial Officer
Norman R. Thompson Kelowna, British Columbia	Officer	VP, Corporate Development
David D.J. Cousins Kelowna, British Columbia	Officer	VP, Human Resources
Michael D. Mooney Penticton, British Columbia	Officer	VP, Technology
Michael S. Martin Kelowna, British Columbia	Officer	VP, Sales & Marketing

⁽¹⁾ Indicates a member of the Audit Committee.

⁽²⁾ Indicates a member of the Compensation Committee.

Set out below are profiles of the Directors and officers and particulars of their respective principal occupations for the last five years.

John C. Simmons, Chairman and Director of the Company since February 3, 1999. President of John C. Simmons and Associates Inc., a private consulting business since January 1999. Mr. Simmons was President and CEO of Integrated Paving Concepts Inc., a paving company, from November 1992 until January 1999. He remains on the Board of this TSE listed company. Mr. Simmons has experience with strategic planning related to

various distribution businesses, taking them from start-up through emerging growth phases. He has taken three companies from junior exchanges to the TSE, including Contour Blind & Shade (Canada) Ltd. and InsulPro Industries Inc. Mr. Simmons graduated from the University of Western Ontario with an Honours BA degree in Business Administration in 1975.

Douglas J. Manning, Chief Executive Officer, President and Director of the Company since August 26, 1994. The Company's co-founder and CEO, Doug Manning spent 14 years in the Canadian career services industry where he designed and implemented a comprehensive district-wide award winning career program for students in Grades 7 to 12, authored several career guidance curriculums that are utilized throughout Canada, and co-authored the British Columbia Ministry of Education's Career Development Handbook. Mr. Manning obtained his Bachelor of Education degree from the University of Victoria in 1975 and his Masters degree in Psychological Foundations from the University of Victoria in 1983. Mr. Manning was chosen Kelowna's Community Leader of the Year for 1995.

Edward J. Hall, Director of the Company since December 19, 1995. Mr. Hall has served as co-president of Canadian Adult Communities Ltd., a real estate construction and development company specializing in mature lifestyle communities in the Okanagan Valley, since 1979. Mr. Hall provides advice to Bridges management in the areas of business systems, marketing and staff management. Mr. Hall received a Bachelor of Arts (Economics) degree from the University of Calgary in 1969 and an MBA from the University of Western Ontario in 1977.

Terry M. Holland, Director of the Company since November 5, 1999. President and Chief Executive Officer of Trimin Capital Corporation, a TSE listed management company which holds large equity interest in a number of operating businesses since 1991. Mr. Holland is a Chartered Accountant and obtained a Bachelor of Commerce degree from the University of British Columbia in 1979. Over the last 15 years, Mr. Holland has had extensive experience in the acquisition and financing of businesses in a wide variety of sectors including natural resources, real estate, manufacturing and technology.

James R. Yeates, Director of the Company since November 5, 1999. Chairman and Chief Executive Officer of Burntsand Inc., a TSE listed e-business solutions integrator since 1996. Mr. Yeates was Chairman and/or CEO of Computer Innovation Distribution Inc., a microcomputer integrator in Canada and the UK, from October 1981 to November 1990. Mr. Yeates was also Chairman and/or CEO of Integrated Network Services Inc., a leading wide area network integrator, from 1992 until December 1994, when it was acquired by Sprint Canada. Mr. Yeates obtained a Master of Computer Sciences degree from McGill University in 1973 and a Bachelor of Science degree in Mechanical Engineering from the University of Vermont in 1970.

John B. Walker, Chief Financial Officer of the Company since May 29, 2000. Mr. Walker is a Chartered Accountant and obtained a Bachelor of Arts degree and a Bachelor of Commerce degree from McGill University in 1970 and 1972, respectively. Mr. Walker was Vice President of Finance and Corporate Development for Synkoloid Company of Canada and Beadex Manufacturing Company, building materials companies, from November 1997 to May 2000. Mr. Walker held various senior financial and corporate development positions in the business units of CSR Limited, an Australian public company in the construction materials business from 1992 to 1997. Mr. Walker was Chief Financial Officer for Synkoloid Company of Canada and Beadex Manufacturing Company from 1985 to 1991.

Norman R. Thompson, Chief Financial Officer of the Company from December 1995 to April 17, 2000. Vice President of Corporate Development of the Company since April 17, 2000. Mr. Thompson is a Certified General Accountant with 16 years of accounting and business experience, including 10 years in public practice and four

years in industry. Mr. Thompson began his career in 1985 with the CA firm of BDO Dunwoody, where he spent four years. For the following six years, Mr. Thompson operated N. R. Thompson & Co. CGA, a public practice firm located in Kelowna. Since August 1994, Mr. Thompson has been involved with Bridges, joining the company as a Director.

David D. J. Cousins, Vice President of Operations, Director and Secretary of the Company, June 1994 to December 1996. Director of the Company since April 1998, and Vice President of Operations of the Company since June 1999. Mr. Cousins has spent 25 years in the education field, including six years in career counselling (most recently as career program counsellor for the Central Okanagan School District from January, 1997 until June, 1999). Mr. Cousins obtained a Masters of Education degree from the University of Victoria in 1987 and a Bachelor of Education degree from the University of Victoria in 1974. Mr. Cousins has also served as director of LaserVision Technologies Inc., a company specializing in transparent, full-colour, digital marking films, since 1998.

Michael D. Mooney, Vice President of Technology of the Company since May 1, 1999. Mr. Mooney was President of Compro Systems Inc., a computer consulting company, from July 1991 until October 1998. Mr. Mooney brings 15 years of computer software development experience to Bridges. He has worked in a variety of industries in connection with financial and statistical software implementation, including custom software development for major west coast companies.

Michael S. Martin, Vice President of Sales and Marketing of the Company since November 1, 1994. Mr. Martin worked for Northern Computer Inc. as an Apple education sales representative from 1988 until October 1994, where he co-ordinated and implemented marketing strategies for five Apple computer dealerships in British Columbia and was responsible for \$5 million in education sales from 1989 to 1994.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation of Executive Officers

Summary Compensation Table

The following table sets forth information concerning the total compensation of Douglas J. Manning, the Company's Chief Executive Officer and the only "named executive officer" during the last three fiscal years:

Name and Principal Position	Year Ended Nov 30 (\$)	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	All Other Compensation (\$)
Douglas J. Manning CEO & President	1999	126,000	47,650	–	Nil	Nil	Nil	Nil
	1998	100,000	14,000	–	Nil	Nil	Nil	Nil
	1997	71,406	Nil	–	171,000	23,000	Nil	Nil

Option Grants for Fiscal Year End

Douglas J. Manning was not granted any stock options during the fiscal year ended November 30, 1999. The following table sets forth information concerning the value as at November 30, 1999 of unexercised in-the-money options held by Mr. Manning.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#) Exercisable/Unexercisable	Value of the Unexercised in-the-Money Options at Financial Year-End (\$) Exercisable/Unexercisable
Douglas J. Manning	Nil	Nil	171,000/Nil	\$666,900/Nil

Employment Agreements

The Company entered into a new employment agreement (the "Employment Agreement") with Douglas J. Manning on March 30, 2000 with respect to his employment as President and Chief Executive Officer of Bridges. Pursuant to the Employment Agreement, Mr. Manning is entitled to annual salary of \$160,000, an annual bonus, a monthly automobile allowance, and reimbursement for business expenses. Pursuant to the Employment Agreement, Mr. Manning is entitled to maintain a minimum ongoing balance of 150,000 options to purchase Common Shares pursuant to the Company's Stock Option Plan while employed by the Company. Mr. Manning's employment may be terminated without cause by the Company upon payment of 12 months' salary, or by Mr. Manning upon four months notice. The Employment Agreement restricts Mr. Manning from competing with the Company for a period of three years after termination of his employment with the Company.

Compensation of Directors

Directors receive compensation in the form of incentive stock options for serving as Directors of the Company at the discretion of the Board of Directors. In addition the Company has entered into an agreement with John C. Simmons, pursuant to which the Company paid Mr. Simmons an aggregate of \$88,500 in consulting fees during the year ended November 30, 1999. No other fee or compensation is paid to Directors for serving in their capacity as Directors of the Company, but the Company does reimburse Directors for out of pocket expenses and attending board and committee meetings. "See Stock Option Plan".

STOCK OPTION PLAN

Bridges' shareholders approved amendments to the Company's 1995 stock option plan at the Company's Annual and Special Meeting on May 17, 2000. The amended stock option plan (the "Stock Option Plan") was effective as of February 16th, 2000. The purpose of the Stock Option Plan is to provide incentives to Directors, officers, employees and consultants of the Company and its affiliates through participation in the growth and success of the Company. Options to purchase Common Shares may be granted from time to time by the Directors of the Company at an exercise price determined by them, which may not be less than the closing market price of the Common Shares on the last trading day immediately preceding the date of the grant. The maximum number of Common Shares that currently may be issued under the Stock Option Plan is 2,000,000 Common Shares. Options granted under the Stock Option Plan must be exercised no later than ten years after the date of the grant. The Stock Option Plan limits the number of Common Shares that may be taken up by any one individual upon the exercise of options to a maximum of 5 % of the Common Shares outstanding. Options are non-assignable other than in accordance with the provisions of the Stock Option Plan.

As at May 31, 2000, options to purchase a total of 1,199,500 were outstanding as follows:

	Number of Common Shares Under Option	Exercise Price Per Common Share	Date of Grant	Market Value of Common Shares Under Option on Date of Grant	Expiry Date
Three executive Officers as a group	150,000	\$0.46	Dec. 06, 1995	\$0.46	Sept. 30, 2000
	11,000	\$0.40	Dec. 23, 1996	\$0.40	Dec. 23, 2001
	10,000	\$0.38	Oct. 20, 1997	\$0.38	Oct. 20, 2002
	50,000	\$2.05	Feb. 09, 1999	\$2.05	Feb. 09, 2004
	150,000	\$4.75	May 04, 1999	\$4.75	May 04, 2004
	150,000	\$7.30	Mar. 03, 2000	\$7.30	Mar. 02, 2005
Three Directors who are not executive officers as a group	25,000	\$0.46	Dec. 20, 1995	\$0.46	Dec. 20, 2000
	25,000	\$0.40	Dec. 23, 1996	\$0.40	Dec. 23, 2001
	20,000	\$0.38	Oct. 20, 1997	\$0.38	Oct. 20, 2002
	30,000	\$4.75	May 04, 1999	\$4.75	May 04, 2004
	60,000	\$3.00	Nov. 16, 1999	\$3.00	Nov. 16, 2004
	140,000	\$7.00	Feb. 09, 2000	\$7.00	Feb. 08, 2005
Employees and others who are not executive officers or Directors as a group	51,000	\$0.46	Dec. 06, 1995	\$0.46	Sept. 30, 2000
	33,000	\$0.40	Dec. 23, 1996	\$0.40	Dec. 23, 2001
	47,500	\$0.38	Oct. 20, 1997	\$0.38	Oct. 20, 2002
	5,000	\$0.42	May 13, 1998	\$0.42	May 13, 2003
	10,000	\$0.50	Aug. 01, 1998	\$0.50	Aug. 01, 2003
	48,000	\$0.65	Jan. 12, 1999	\$0.65	Dec. 02, 2003
	119,000	\$4.75	May 04, 1999	\$4.75	May 04, 2004
	65,000	\$4.60	Jan. 27, 2000	\$4.60	Jan. 26, 2005
Total	1,199,500				

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out in “Compensation of Executive Officers and Directors – “Employment Contracts” and “Compensation of Directors”, no insider of the Company, or associate or affiliate thereof, had any material interest, direct or indirect, in any transaction in the past three years, or has any material interest, direct or indirect, in any proposed transaction which has or will materially affect the Company.

CAPITALIZATION

The following table sets forth the capitalization of the Company as at February 29, 2000, as at May 31, 2000 and as at May 31, 2000 after giving effect to the exercise of the Special Warrants (but not the Compensation Warrants or Warrants):

Designation of security	Number authorized	Outstanding as at Feb. 29, 2000 (unaudited)	Outstanding as at May 31, 2000 (unaudited) ⁽¹⁾ ⁽²⁾ ⁽⁴⁾	Outstanding as at May 31, 2000 after giving effect to this Offering (unaudited) ⁽¹⁾ ⁽²⁾ ⁽⁴⁾
Shareholders Equity				
Common Shares	Unlimited Number	\$2,766,149 (9,713,250 shares)	\$2,768,424 (9,716,750 shares)	\$19,184,240 (12,966,750 shares)
Preferred Shares	Unlimited Number	Nil	Nil	Nil
Special Warrants	3,250,000	Nil	\$16,415,816 (3,250,000 Special Warrants)	Nil
Deficit		(\$313,100)	(\$313,100) ⁽³⁾	(\$313,100) ⁽³⁾
Total Shareholders Equity		<u>\$2,453,049</u>	<u>\$18,871,140</u>	<u>\$18,871,140</u>

⁽¹⁾ Including giving effect only to the issuance and exercise of 3,250,000 Special Warrants for net proceeds of \$16,415,816, after deducting the Underwriter’s fee of \$1,262,625 and the estimated expenses of the Offering of \$359,059.

⁽²⁾ The number of outstanding Common Shares as at May 31, 2000 has increased from the number of outstanding Common Shares as at February 29, 2000 as a result 3,500 Common Shares issued upon exercise of stock options granted under the Stock Option Plan.

⁽³⁾ As at February 29, 2000.

⁽⁴⁾ An additional 3,232,000 Common Shares have been allotted and reserved for issuance for the purposes and in the amounts set forth below:

(a) 325,000 Common Shares issuable on the exercise of the Compensation Options (See “Private Placement and Plan of Distribution”);

(b) 1,787,500 Common Shares issuable on the exercise of the Warrants (See “Private Placement and Plan of Distribution”); and

(c) 1,199,500 Common Shares issuable on the exercise of options to purchase Common Shares outstanding pursuant to the Stock Option Plan (See “Stock Option Plan”).

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Bridges consists of an unlimited number of Common Shares and an unlimited number of Preference Shares. As at May 31, 2000 there were 9,716,750 Common Shares issued and outstanding. All Common Shares are entitled to participate equally in any dividends declared thereon, and on liquidation or distribution of the assets of the Company, and each Common Share has one vote per share at all meeting of shareholders. All of the outstanding Common Shares are fully paid and non-assessable. There are currently no Preference Shares issued and outstanding.

PRICE RANGE AND TRADING HISTORY OF COMMON SHARES

Prior to February 16, 2000, the Common Shares traded on the Canadian Venture Exchange (“CDNX”) (and one of its predecessors, the Alberta Stock Exchange) under the trading symbol “BIT ” where trading commenced on January 3, 1996. On February 16, 2000, the Common Shares were listed and posted for trading on The Toronto Stock Exchange (the “TSE”) under the trading symbol “BIT”. The following table sets forth the reported high and low sale prices and volume of trading of the Common Shares as reported by the CDNX and the TSE, as applicable, for the periods indicated:

	<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
2000	June 1-13th	4.00	3.35	43,260
	May	4.50	3.30	157,777
	April	6.55	3.50	360,914
	March	8.25	5.05	456,793
	February	9.00	6.75	764,055
	January	5.30	3.85	310,101
1999	December	4.65	3.60	329,540
1999	Fourth Quarter	3.90	2.50	720,601
	Third Quarter	4.35	3.00	667,707
	Second Quarter	6.40	2.60	3,479,317
	First Quarter	2.60	0.60	2,083,447
1998	Fourth Quarter	0.80	0.60	337,910
	Third Quarter	0.69	0.41	202,700
	Second Quarter	0.64	0.35	580,600

PRIOR SALES

Since April 1, 1999, other than the offering of Special Warrants to which this prospectus relates and options and Common Shares issued in connection with Bridges' Stock Option Plan, Bridges has issued or sold the following Common Shares:

Method of Sale	Date	Number of Shares	Price per Share	Net amount received by Bridges
Exercise of Share Purchase Warrants	06-Apr-99	100,000	\$0.36	\$36,000
Exercise of Share Purchase Warrants	06-Apr-99	150,000	\$0.37	\$55,500
Exercise of Share Purchase Warrants	22-Jul-99	100,000	\$0.30	\$30,000
Total:		350,000		\$121,500

DIVIDEND RECORD AND POLICY

To date, the Company has not paid any dividends to its shareholders. The Company currently does not have any immediate plans to pay dividends on its Common Shares and intends to retain all of its available funds for use in the operation of its business. Any future determination by the Company to pay dividends will be at the discretion of the Board of Directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company considers relevant.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and Wildeboer Rand Thomson Apps & Dellelce, LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations generally applicable to holders of Special Warrants who acquire and hold Common Shares and Warrants pursuant to this prospectus. This summary applies to holders who, for the purposes of the *Income Tax Act* (Canada) (the "Tax Act") and at all relevant times: (i) are resident in Canada; (ii) deal at arm's length with the Company; (iii) are not "financial institutions" for purposes of the mark-to-market rules; and (iv) hold their Special Warrants, Common Shares and Warrants as capital property (each, a "Holder"). Such securities will generally be "capital property" to a Holder unless they are acquired or held in the course of carrying on a business or have been acquired in a transaction or transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to elect to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act or the Regulations publicly announced by the Ministry of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and the published administrative practices of the Canada Customs and Revenue Agency ("Revenue Canada"). Except for the Tax Proposals, this summary does not take into account or anticipate any other changes in law, whether by legislative, governmental or judicial decision or action or changes in the administrative practices of Revenue Canada, nor does it take into

account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisers with respect to their particular circumstances.

Exercise of Special Warrants

Holders of Special Warrants will realize no gain or loss on the exercise thereof. The cost of a Special Warrant must be allocated on a reasonable basis between the Common Share and the one-half Warrant issued on exercise of a Special Warrant to determine the cost of such Common Share and such one-half Warrant to the Holder for purposes of the Tax Act. For its purposes, the Company intends to allocate \$5.54 of the issue price of each Special Warrant as consideration for the issue of each Common Share and \$0.01 of the issue price of each Special Warrant for the issue of each one-half Warrant. Although the Company believes that its allocation is reasonable, such allocation is not binding on Revenue Canada.

Exercise, Expiry or Disposition of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Common Share. When a Warrant is exercised, the Holder's cost of the Common Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Common Share. The Holder's adjusted cost base of the Common Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all identical shares owned by the Holder and held as capital property. In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. On the disposition or deemed disposition of a Warrant (other than on the exercise or expiry thereof), a capital gain (or capital loss) will be realized by the Holder equal to the amount by which the proceeds of disposition in respect of the Warrant, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrant to the Holder. See "Disposition of Common Shares" for information regarding the treatment of capital gains and capital losses.

Dividends

Dividends received on the Common Shares will be included in computing the Holder's income. In the case of an individual Holder such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends paid by taxable Canadian corporations.

A dividend received by a corporate Holder will be included in computing the corporation's taxable income and will generally be deductible in computing the corporation's taxable income. Private corporations, as defined in the Tax Act, and certain other corporations controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be subject to a refundable tax pursuant to Part IV of the Tax Act at a rate of 33 1/3% on the dividend, to the extent such dividend is deductible in computing taxable income.

Disposition of Common Shares

Upon a disposition (or a deemed disposition) of a Common Share, a Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Holder. Under the Tax Proposals and subject to certain transitional rules, two-thirds of any capital gain will be included in income as a taxable capital gain and two-thirds of a capital loss may normally be deducted against taxable capital gains realized in the year of disposition, the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition of Common Shares by a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares or that is itself a partnership or a trust which is a member of a partnership or a beneficiary of a trust that owns such shares.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6 2/3% on its “aggregate investment income” for the year which will include taxable capital gains.

Eligibility for Investment

As of the date hereof, the Common Shares and Warrants are qualified investments under the Tax Act for trusts governed by registered retirement savings plans, deferred profit sharing plans, registered retirement income funds (“deferred income plans”) and registered education savings plans. Based on an officer’s certificate provided by the Company, as of the date of this prospectus the Common Shares and Warrants will not constitute “foreign property” to deferred income plans and certain other persons who are generally exempt from tax.

DILUTION

After giving effect to the issuance of 3,250,000 Common Shares issuable upon the exercise of the Special Warrants (but not the exercise of Warrants or Compensation Warrants), the effective price of \$5.55 paid for each unit comprised of one Common Share and one-half (1/2) Warrant through the purchase of a Special Warrant exceeds by \$4.19 (or 75.5 % of the issue price) the consolidated net tangible book value per Common Share as shown in the balance sheet of the Company as at February 29, 2000 as set out below:

Issue price	\$ 5.55
Net tangible book value per Common Share as at February 29, 2000	\$ 0.12 ⁽¹⁾
Increase in net tangible book value per Common Share attributable to the issuance of 3,250,000 Common Shares	\$ 1.24
Net tangible book value per Common Share after giving effect to the exercise of the Special Warrants	\$ 1.36
Dilution to subscribers.....	<u>\$ 4.19</u>
Percentage of dilution in relation to the issue price	<u>75.5 %</u>

⁽¹⁾ “Net tangible book value per share” represents shareholders’ equity less intangible assets, deferred charges and other as at February 29, 2000, divided by the number of outstanding Common Shares on that date.

USE OF PROCEEDS

The Company used approximately \$10.8 million of the net proceeds from the issuance of the Special Warrants to fund the purchase of Careerware. Approximately \$540,000 of the net proceeds were used by the Company to pay Canaccord for providing services as its exclusive financial advisor and agent in connection with the Careerware acquisition and approximately \$175,500 were used to pay other direct costs of the Careerware acquisition. See "Careerware Acquisition". The balance of the net proceeds from the issuance of the Special Warrants, after payment of the Underwriters' fees and expenses and the expenses of this offering, estimated at approximately \$359,000, will be used by the Company for general corporate purposes.

PRIVATE PLACEMENT AND PLAN OF DISTRIBUTION

On March 30, 2000 Bridges issued and sold 3,250,000 Special Warrants at a price of \$5.55 each by way of private placement pursuant to an agreement dated as of that date (the "Underwriting Agreement") between Bridges and the Underwriters. The Special Warrants were issued under a special warrant indenture (the "Special Warrant Indenture") dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company, as warrant agent. The price of the Special Warrants was determined by negotiation between the Company and the Underwriters.

Each Special Warrant is exercisable, without payment of additional consideration, into one Common Share and one-half (1/2) Warrant at any time prior to the earlier of 5:00 p.m. (Toronto time) (the "Expiry Time") on: (i) the fifth business day after the day upon which a (final) receipt has been issued by the last of the securities regulators in each of the Provinces of British Columbia, Manitoba, Ontario and Quebec for a (final) prospectus qualifying the issuance of the Common Shares and Warrants to be issued on exercise of the Special Warrants (the "Qualification Date"); and (ii) March 30, 2001. If the Qualification Date has not occurred on or before July 28, 2000, each Special Warrant shall become exercisable, without payment of additional consideration, into 1.1 Common Shares and one-half (1/2) Warrant. Each Special Warrant that has not been exercised previously shall be deemed to have been exercised without any further action on the holder's part, immediately prior to the Expiry Time.

Each whole Warrant will entitle the holder to purchase one Common Share in the capital of the Company at an exercise price of \$5.90 per share at any time prior to the earlier of 5:00 p.m. (Toronto time) (the "Warrant Expiry Time") on the date that is six months following the Expiry Time. The Warrants will be issued under a separate warrant indenture (the "Warrant Indenture") dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company, as warrant agent.

Pursuant to the Underwriting Agreement, Bridges agreed to pay to the Underwriters a fee equal to 7% of the gross proceeds from the issue and sale of the Special Warrants, to reimburse the Underwriters for certain fees and expenses relating to this offering and to indemnify the Underwriters against certain liabilities. As additional compensation under the terms of the Underwriting Agreement, the Company issued to the Underwriters an aggregate of 325,000 underwriters' compensation warrants (the "Compensation Warrants"), each exercisable without payment of additional consideration to the Company into one compensation option (a "Compensation Option"). Each Compensation Option entitles the holder to purchase one Common Share and one-half (1/2) Warrant at an exercise price of \$5.90 until 5:00 p.m. on March 30, 2001, provided that no Warrants shall be issued following the Warrant Expiry Time (as defined below). Bridges also paid approximately \$540,000 to Canaccord for providing services as its exclusive financial advisor and agent in connection with the Careerware acquisition. See "Careerware Acquisition". No additional compensation will be payable to the Underwriters in connection with the distribution of the Common Shares and Warrants on the exercise of the Special Warrants.

This prospectus also qualifies the distribution of 162,500 of the Compensation Options issuable upon the exercise of the Compensation Warrants in the Province of Ontario and all of the Compensation Options issuable upon exercise of the Compensation Warrants in the Provinces of British Columbia.

ESCROW ARRANGEMENTS

Pursuant to an agreement dated as of November 20, 1995 (the "Escrow Agreement") among the Company, C.M. Oliver & Company, CIBC Mellon Trust Co. (formerly R-M Trust) (the "Trustee") and Douglas J. Manning, David D.J. Cousins, Knowledge Plus Multimedia Publishing Ltd., Norman R. Thompson, Michael S. Martin, Lana Quinn, BH Investments, Mark Kornell, Kate Matheson, Trevor Schofield, T130 Enterprises Ltd. and T131 Enterprises Ltd. (collectively, the "Escrow Shareholders"), an aggregate of 4,198,000, Common Shares (the "Escrowed Shares") were deposited with the Trustee by the Escrow Shareholders at the closing of the Company's initial public offering on November 28, 1995. Seventy percent of the Escrowed Shares have been released to the Escrow Shareholders in accordance with the Escrow Agreement. The remaining 1,259,400 Escrowed Shares, representing 12.9% of the issued and outstanding Common Shares (as at May 31, 2000, without giving effect to this offering), will be eligible for release on August 28, 2000.

RISK FACTORS

An investment in Common Shares and Warrants offered hereby involves a number of risks. In addition to other information contained in this prospectus, prospective purchasers should give careful consideration to the following factors.

Bridges is a Relatively New Company

Bridges began operating in 1994 and introduced its first service early in 1995. Bridges must expand distribution and achieve market penetration for its existing and new services in order to achieve revenue growth. Further, Bridges must continue to upgrade and add technologies to its existing and new services to achieve revenue growth.

Bridges is in an Industry that Is Subject to Rapid Technological Change

The information services, software and communications industries are characterized by:

- rapid technological change;
- changes in customer requirements;
- frequent new product and service introductions; and
- enhancements and emerging industry standards.

The introduction of new technologies and the emergence of new industry standards and practices can render Bridges' existing products and services obsolete and unmarketable. Additionally, it could require us to make significant unanticipated investments in research and development. Bridges is dependent, in part, on its ability to keep pace with:

- the latest technologies and technological development;
- changing customer requirements; and
- frequent new product introductions.

Market demand for the services of the Company is substantially dependent upon the continued adoption of the Internet network for educational commerce. The adoption of the Internet for the commerce and communications, particularly by those individuals and enterprises that have historically relied upon alternative means of commerce and communication, generally requires the acceptance of a new way of conducting business and exchanging information. Use of the Internet by consumers 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 on its ability to significantly 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 for commerce of the necessary infrastructure, such as reliable network backbones or complementary services, such as high speed modems and security procedures for financial transactions, the adoption of new standards and protocols 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 structure or complementary services are not developed to effectively support growth that may occur, the Company's business could be materially adversely affected. In addition, the nature of the Internet as an electronic marketplace may render it inherently more competitive than conventional commerce formats.

Because the market for the services of the Company is new and evolving, it is difficult to predict the future growth rate, if any, and size of this market. There can be no assurance that the market for the services of the Company will continue to develop at the pace of the past few years. If the market fails to develop or develops more slowly than expected or becomes saturated with competitors, the Company's business, operating results and financial condition will be materially adversely affected.

Intense Competition could Reduce Bridges' Market Share and Harm its Financial Performance

Bridges expects the intensity of competition to increase in the future. Increased competition may result in price reductions, reduced gross margins and loss of market share. There are no substantial barriers to entry in this emerging market segment, and Bridges expects established or new entities to enter this market segment in the near future.

Bridges is Dependent on Its Key Personnel

Bridges is highly dependent on the performance of its executive officers and key employees. There is intense competition for qualified personnel. Therefore, Bridges may not be able to attract and retain the qualified personnel necessary for the development of its business. The loss of the services of existing personnel, as well as the failure to recruit additional key technical, managerial and sales personnel in a timely manner, would be detrimental to the Company's business. Furthermore, Bridges may incur substantial expenses in connection with hiring and retaining employees.

Bridges Must Effectively Manage Its Growth

Bridges must manage its operations effectively while responding to constant changes in both technology and the markets where it competes if Bridges is to grow in the future. The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability to continue to manage growth effectively will require the Company to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Bridges' results will suffer if it cannot manage growth effectively.

Bridges Must Effectively Manage Acquisitions

Bridges intends to consider investments in complementary companies, products or technologies in addition to the recently completed Careerware acquisition. The Company may not realize the anticipated benefits of such acquisitions and may not be able to successfully assimilate the acquired personnel, operations, technology and products into its business. Acquired products or technology will have to be integrated into Bridges products and technology, and it is uncertain whether the Company may accomplish this. These difficulties could disrupt Bridges' ongoing business, distract our management and employees or increase our expenses. The Company may have to issue equity or incur debt to pay for future acquisitions or investments, the issuance of which could be dilutive to us or our existing shareholders or affect our profitability. In addition, Bridges' profitability may suffer because of acquisition-related costs or amortization costs for acquired goodwill and other acquired intangible assets.

Bridges May Require Additional Financing

Bridges may require additional financing in order to, without limitation, support further expansion, develop new or enhanced services or products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Fluctuations in Exchange Rates May Affect Bridges' Operating Results

A substantial portion of Bridges revenues are now, and are expected to continue to be, realized in U.S. dollars. Bridges' operating expenses are primarily paid in Canadian dollars. Bridges may be adversely affected by a significant strengthening of the Canadian dollar against the U.S. dollar. Bridges does not currently engage in currency hedging activities. The Company has not yet, but may in the future, experience significant foreign exchange rate losses, especially to the extent that we do not engage in hedging.

Bridges' Quarterly Results May Fluctuate

Bridges expects to experience significant fluctuations in future quarterly operating results that may be caused by:

- demand for its services;
- introduction or enhancement of services and products by us and our competitors;
- market acceptance of new services;
- the mix of distribution channels through which services are sold;
- the mix of services sold;
- seasonality of the online services and educational markets; and
- general economic conditions.

Therefore, Bridges believes that comparing its quarterly results will not necessarily be informative and is not an indication of future performance.

Bridges May Not Be Able to Retain Its Customers or Maintain the Price of Its Services

Bridges' strategy and objectives depend in part on its ability to retain and renew customers after their subscription period has ended. In the educational market, renewals depend on many factors. These include the funding available for educational customers to license services like ours and the availability of competitive services. Bridges may reduce the selling price of its services due to factors such as increased competition or loss of customers. If our retention and renewal rates or pricing decreases significantly, our results may suffer.

Government Regulation and Legal Uncertainties

There are many areas of day-to-day business transactions that may leave the Company exposed to risk due to the absence of precedent applications of existing legislation and regulations and specifically with respect to conduct in the media and market of the Internet. E-commerce is new and rapidly changing and federal and provincial regulation relating to the Internet and e-commerce is evolving. Currently, there are few laws or regulations specifically applicable to access to or e-commerce on the Internet. Due to the increasing popularity of the Internet, it is possible that laws and regulations may be enacted with respect to the Internet, covering issues such as user electronic signatures, privacy, ownership and/or use of content and use of services in non-commercial and non-educational settings, pricing, taxation, content and quality of products and services. The adoption of such laws or regulations could reduce the rate of growth of the Internet, which could potentially decrease the usage of the Company's websites or could otherwise have a material adverse effect on the Company's business.

Intellectual Property Rights

Bridges depends on its ability to develop and maintain the proprietary aspects of its technology. The Company seeks to protect its software, documentation and other written materials under trade secret and copyright laws, as well as confidentiality provisions in its contracts, all of which afford limited protection. Despite the measures taken to protect its intellectual property, Bridges cannot be certain that these steps will be adequate, that it will be able to secure trade-mark registrations for all of its trade-marks, respectively, in Canada, the U.S. or other countries, or that third parties will not breach the confidentiality provisions in its contracts or infringe or misappropriate Bridges' copyrights, trade-marks or other proprietary rights. In the event that a third party breaches the confidentiality provisions in the Company's contracts or misappropriates or infringes its intellectual property, Bridges may not have adequate remedies. In addition, third parties may independently discover or invent competing technologies or reverse engineer Bridges' trade secrets, software or other technology. Moreover, the laws of some foreign countries may not protect Bridges' proprietary rights to the same extent as do the laws of the U.S. and Canada. Therefore, the measures Bridges is taking to protect its proprietary rights may not be adequate.

Laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of Canada. As the nature of online services and the Internet is global, Bridges cannot control the ultimate destination of its services. Policing the unauthorized use of our technology and proprietary rights is often difficult and expensive anywhere in the world.

Risks Associated with Domain Names

The Company currently holds certain web domain names relating to its brand, including the bridges.com domain name. The acquisition and maintenance of domain names generally is regulated by governmental agencies and their designees. For example, in the United States, the National Science Foundation has appointed Network Solutions, Inc. as the currently exclusive registrar for the ".com", ".net" and ".org" generic top level domains.

The Company is dependent upon the ongoing development of rules and regulations in accordance with new policies and procedures as established by the three ICANN Supporting Organizations: Address Supporting Organization (ASO), Domain Name Supporting Organization (DNSO) and Protocol Supporting Organization (PSO). The Company is further dependent upon the existing and pending co-operative measures of the World Intellectual Property Organization and its member States, and ongoing international jurisdiction issues. There can be no assurance that the Company will be able to acquire or maintain relevant domain names in all countries in which it conducts business. Furthermore, the relationship between regulations governing domain names and laws protecting trade-marks and similar proprietary rights is unclear. The Company, therefore, may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of its trade-marks or other proprietary rights. Any such inability can have a material adverse effect on the Company's business.

Security Risks

Despite the implementation of network security measures by the Company, it is potentially vulnerable to computer break-ins and similar disruptive problems caused by its customers or others. Consumer concern over Internet security has been, and could continue to be, a barrier to commercial activities requiring consumers to send their credit card 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 customers may inhibit the growth of the Internet as a medium for commerce.

Risk of Defects, System Failure or Inadequacy

Bridges, along with its customers, tests and performs quality assurance efforts in connection with the Company's services. Bridges may, however, find errors in its services or its service upgrades that could result in:

- loss of or delay in market acceptance and sales;
- diversion of development resources;
- injury to its reputation; or
- increased service and support costs.

The Company's operations are dependent on its ability to maintain its computer and telecommunications equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure, employee error or similar events. In addition, the growth of the Company's customer base may strain or exceed the capacity of its computer and telecommunications systems and lead to degradations in performance or systems failure. While the Company continually reviews and seeks to upgrade its technical infrastructure and provides for certain system redundancies and back-up 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 adverse effect on the Company's business.

Dilution

Special Warrant holders who acquire Common Shares will suffer an immediate and substantial dilution in the net tangible book value of the Common Shares with respect to the price per Special Warrant. See "Dilution".

Bridges' Share Price May Vary Significantly

The price of Bridges' common shares has varied significantly at times and may continue to do so. There may be several factors contributing to this behaviour, including:

- quarterly results of operations;
- announcements of new technologies or new services by us or our competitors;
- changes in financial estimates and recommendations by securities analysts;
- the operating and share price performance of other companies that investors may view as comparable to us; and
- news relating to trends in our markets.

The stock market in general, and the market for Internet-related companies in particular, have experienced extreme volatility. This volatility often has been unrelated to the operating performance of these companies. These broad market and industry fluctuations may cause the price of Bridges' common shares to drop, regardless of its performance.

MATERIAL CONTRACTS

The only agreements which the Company has entered into during the previous two years or will enter into prior to the closing of this offering, which are now material, other than contracts entered into the ordinary course of business, are the following:

1. The asset purchase agreement dated March 31, 2000 between ISM Information Systems Management Corporation and ISM Information Systems Management Inc. and Bridges (see "Careerware Acquisition");
2. The Underwriting Agreement dated as of March 30, 2000 between the Company and the Underwriters (see "Private Placement and Plan of Distribution");
3. The Special Warrant Indenture dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company (see "Private Placement and Plan of Distribution"); and
4. The Warrant Indenture dated as of March 30, 2000 between the Company and CIBC Mellon Trust Company (see "Private Placement and Plan of Distribution").

Copies of the above agreements may be inspected during normal business hours at the head office of the Company at 7B – 1404 Hunter Court, Kelowna, BC during the course of distribution of the securities qualified hereunder and for 30 days thereafter.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Special Warrants and the distribution of the Common Shares and Warrants upon the exercise of the Special Warrants this offering will be passed upon on behalf of the Company by Osler, Hoskin & Harcourt LLP, Toronto, and on behalf of the Underwriters by Wildeboer Rand Thomson Apps & Dellelce, LLP.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Bridges for the year ended November 30, 1999 were Deloitte & Touche LLP, Chartered Accountants, 2100-1055 Dunsmuir Street Vancouver, BC. The registrar and transfer agent for the Common Shares of Bridges, warrant agent for the Special Warrants and warrant agent for the Warrants is CIBC Mellon Trust Company, 600-333, 7th Avenue S.W. Calgary, Alberta.

PURCHASERS' STATUTORY RIGHTS

Securities legislation of the Provinces of British Columbia, Manitoba, Ontario and Quebec provide purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. Such legislation further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant who acquires a Common Share and Warrant upon the exercise of the Special Warrant is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and the holder shall be entitled in connection with such rescission to a full refund of all consideration paid on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund as if such permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under section 130 of the *Securities Act* (Ontario) and similar provisions in securities legislation of other provinces or otherwise at law and is subject to the defences, limitations and other provisions of such legislation.

FINANCIAL STATEMENTS

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THE FINANCIAL INFORMATION BELOW CONCERNING CAREERWARE HAS BEEN PREPARED SOLELY AT THE REQUEST OF BRIDGES. ISM HAS NO LIABILITY WHATSOEVER FOR SUCH INFORMATION (OR THE ACCURACY THEREOF). BRIDGES IS SOLELY RESPONSIBLE FOR ALL THE CAREERWARE FINANCIAL INFORMATION CONTAINED IN THIS PROSPECTUS.

Auditors' Report

To the Directors of
Bridges.com Inc.
(formerly The Bridges Initiatives Inc.)

We have audited the balance sheet of Bridges.com Inc. (formerly The Bridges Initiatives Inc.) as at November 30, 1999 and the statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at November 30, 1998 and 1997 and for the years then ended, prior to adjustment for the changes in accounting policies for revenue and income taxes as described Note 3, were audited by other auditors who expressed their opinions without reservation on those statements in their reports dated December 18, 1998 and December 23, 1997, respectively. We have audited the adjustments to the 1998 and 1997 financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

Chartered Accountants
Vancouver, British Columbia
January 28, 2000 (except as to Note 14, which
is as of June 14, 2000)

REVIEW ENGAGEMENT REPORT

To the Directors of
Bridges.com Inc.

We have reviewed the balance sheet of Bridges.com Inc. as at February 29, 2000 and the statements of (loss) earnings and cash flows for the three month periods ended February 29, 2000 and February 28, 1999. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Vancouver, British Columbia
June 14, 2000

Auditors' Report

To the Directors of
Bridges.com Inc.
(formerly The Bridges Initiatives Inc.)

We have audited the balance sheet of Bridges.com Inc. (formerly The Bridges Initiatives Inc.) as at November 30, 1998 and the statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, prior to the adjustments for the changes in accounting policies for revenue recognition and income taxes as described in Note 3, the financial position of the Company as at November 30, 1998 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the prior year were audited by other auditors who rendered an unqualified opinion in their report dated December 23, 1997.

Chartered Accountants
Kelowna, British Columbia
December 18, 1998

Auditors' Report

To the Directors of
Bridges.com Inc.
(formerly The Bridges Initiatives Inc.)

We have audited the statements of loss and deficit and cash flows of Bridges.com Inc. (formerly The Bridges Initiatives Inc.) for the year ended November 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, prior to the adjustments for the changes in accounting policies for revenue recognition and income taxes as described in Note 3, the results of the operations of the Company and its cash flows for the year ended November 30, 1997 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Kelowna, British Columbia
December 23, 1997

BRIDGES.COM INC.
Balance Sheets

	February 29, 2000 (Unaudited)	November 30, 1999 1998 (Restated Note 3)	
ASSETS			
CURRENT			
Cash and cash equivalents	\$ 1,407,672	\$ 2,187,012	\$ 1,167,421
Accounts receivable	837,098	1,249,877	568,475
Prepaid expenses	107,049	96,966	79,674
	2,351,819	3,533,855	1,815,570
Deferred acquisition costs	624,327	120,327	-
Deferred share issue costs	72,250	-	-
Capital assets (Note 4)	275,439	253,803	135,676
Deferred development costs (Note 5)	580,036	650,783	576,482
Future income taxes (Note 7)	425,596	287,363	516,433
	\$ 4,329,467	\$ 4,846,131	\$ 3,044,161
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 344,654	\$ 600,918	\$ 82,664
Deferred revenue	1,531,764	1,678,512	918,799
	1,876,418	2,279,430	1,001,463
COMMITMENTS (Note 9)			
SHAREHOLDERS' EQUITY			
Common stock (Note 6)	2,766,149	2,710,849	2,454,629
Deficit	(313,100)	(144,148)	(411,931)
	2,453,049	2,566,701	2,042,698
	\$ 4,329,467	\$ 4,846,131	\$ 3,044,161

Approved By The Board:

(Signed) John C. Simmons

John C. Simmons, Director

(Signed) Ed Hall

Ed Hall, Director

See Accompanying Notes to Financial Statements.

BRIDGES.COM INC.
Statements of Earnings (Loss) and Deficit

	Three month period ended		Years ended November 30,		
	February 29, 2000	February 28, 1999	1999	1998	1997
	(Unaudited)	(Unaudited)		(Restated Note 3)	(Restated Note 3)
REVENUE					
Subscription services	\$ 1,042,572	\$ 889,619	\$ 4,326,893	\$ 2,247,445	\$ 815,541
Other services	-	44,867	289,284	145,435	293,619
	<u>1,042,572</u>	<u>934,486</u>	<u>4,616,177</u>	<u>2,392,880</u>	<u>1,109,160</u>
EXPENSES					
Cost of services	587,545	239,110	1,331,106	548,959	225,692
Sales and marketing	306,893	193,926	1,213,104	531,812	377,339
General and administration	337,425	241,966	1,073,166	658,848	402,795
Other	36,550	9,355	142,350	51,301	64,996
	<u>1,268,413</u>	<u>684,357</u>	<u>3,759,726</u>	<u>1,790,920</u>	<u>1,070,822</u>
EARNINGS BEFORE AMORTIZATION, INTEREST AND TAXES	(225,841)	250,129	856,451	601,960	38,338
Amortization of capital assets	(25,716)	(9,979)	(90,880)	(45,329)	(57,418)
Amortization of deferred development costs	(70,747)	(80,729)	(322,914)	(308,821)	(290,854)
Interest income	15,120	7,930	54,196	17,426	810
EARNINGS (LOSS) BEFORE INCOME TAXES	(307,184)	167,351	496,853	265,236	(309,124)
Income tax expense (recovery) (Note 7)	(138,233)	75,308	229,070	(516,433)	-
NET EARNINGS (LOSS)	(168,951)	92,043	267,783	781,669	(309,124)
DEFICIT, BEGINNING OF PERIOD	(144,149)	(411,931)	(411,931)	(1,193,600)	(884,476)
DEFICIT, END OF PERIOD	\$ (313,100)	\$ (319,888)	\$ (144,148)	\$ (411,931)	\$ (1,193,600)
Basic earnings (loss) per share	\$ (0.02)	\$ 0.01	\$ 0.03	\$ 0.09	\$ (0.03)
Fully diluted earnings (loss) per share	\$ (0.02)	\$ 0.01	\$ 0.03	\$ 0.08	\$ (0.03)

See Accompanying Notes to Financial Statements.

BRIDGES.COM INC.
Statements of Cash Flows

	Three month period ended		Years ended November 30,		
	February 29, 2000	February 28, 1999	1999	1998	1997
	(Unaudited)	(Unaudited)		(Restated Note 3)	(Restated Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net earnings (loss) for the period	\$ (168,951)	\$ 92,043	\$ 267,783	\$ 781,669	\$ (309,124)
Items not affecting cash					
Amortization of capital assets	25,716	9,979	90,880	45,329	57,418
Amortization of deferred development costs	70,747	80,729	322,914	308,821	290,854
Future income taxes (recovery)	(138,233)	75,308	229,070	(516,433)	-
Changes in operating assets and liabilities (Note 8)	(317)	(303,827)	579,273	239,760	33,622
	(211,038)	(45,768)	1,489,920	859,146	72,770
CASH FLOWS FROM INVESTING ACTIVITIES					
Deferred acquisition costs	(504,000)	-	(120,327)	-	-
Purchase of capital assets	(47,352)	(20,682)	(209,007)	(45,262)	(14,060)
Expenditures on deferred development costs	-	(94,908)	(397,215)	(195,974)	(155,775)
	(551,352)	(115,590)	(726,549)	(241,236)	(169,835)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of common shares	55,300	35,657	256,220	124,701	434,549
Deferred share issue costs	(72,250)	-	-	-	-
Share subscriptions receivable	-	-	-	105,000	(105,000)
	(16,950)	35,657	256,220	229,701	329,549
NET CASH INFLOW DURING THE PERIOD	(779,340)	(125,701)	1,019,591	847,611	232,484
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,187,012	1,167,421	1,167,421	319,810	87,326
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,407,672	\$ 1,041,720	\$ 2,187,012	\$ 1,167,421	\$ 319,810
Supplemental Non-Cash Investing and Financing Disclosure:					
Common shares issued on acquisition of intellectual property	\$ -	\$ -	\$ -	\$ -	\$ 100,000

See Accompanying Notes to the Financial Statements.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

1. NATURE OF OPERATIONS

Bridges.com Inc. ("the Company") was incorporated on March 10, 1994 under the Business Corporations Act of Alberta and was registered extra provincially in British Columbia on December 15, 1994. The Company's principal business activity is the development, marketing and delivery of career information database products through the Internet and CD-Rom products. On April 21, 1999, the Company changed its name to Bridges.com Inc. from The Bridges Initiatives Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following significant accounting policies:

(a) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used, but not limited to, the accounting for doubtful accounts, amortization, determination of net recoverable value of assets, deferred revenue, sales returns, taxes and contingencies.

(b) *Foreign currency translation*

The functional currency of the Company is the Canadian dollar. Assets and liabilities denominated in currencies other than the Canadian dollar are translated using the rate of exchange prevailing at the balance sheet date. Revenue and expenses are translated using exchange rate prevailing on the transaction date. Gains or losses on translation are included in earnings.

(c) *Cash and cash equivalents*

Cash and cash equivalents include highly liquid investments with a maturity of three months or less.

(d) *Deferred acquisition costs*

Deferred acquisition costs relate to the planned acquisition of Careerware described in Note 14. These costs will be added to the cost of that investment.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Deferred share issue costs*

Share issue costs incurred prior to the issuance of share capital and special warrants are deferred and are deducted from the proceeds when the shares or special warrants are issued.

(f) *Capital assets*

Capital assets are recorded at cost less accumulated amortization. The carrying value of capital assets is reviewed periodically for any impairment in value. Amortization is provided annually using the following methods and rates:

Furniture and equipment	20% declining balance basis
Computer equipment	30% declining balance basis
Leasehold improvements	20% straight-line basis

Amortization is provided for at one-half of the above rates in the year of acquisition. The Company reviews for the impairment of capital assets whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected future cash flows. No impairment losses have been identified by the Company for the years ending November 30, 1999, 1998 and 1997.

(g) *Deferred development costs*

Deferred development costs are recorded at cost less accumulated amortization. Deferred development costs consist of costs directly related to the development of future products, including the cost of intellectual property acquired. Amortization is provided on a straight-line basis over the shorter of the estimated useful life of the deferred development costs and three years. Among other considerations, to assess impairment, the Company periodically calculates estimated undiscounted future cash flows to determine that they exceed the unamortized balance of deferred development costs.

The Company reviews for the impairment of deferred development costs whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected future cash flows. No impairment losses have been identified by the Company for the three month periods ended February 29, 2000, February 28, 1999 and the years ending November 30, 1999, 1998 and 1997.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) *Revenue recognition*

During the year ended November 30, 1999, the Company changed its revenue recognition policy relating to subscription services (Note 3(a)). The Company generates revenue through two sources: (1) information database product revenues and (2) service revenues. Information database product revenues are generated from the licensing of the right to use the Company's information database directly to end users. Service revenues are generated from consulting services related to the implementation of information database products.

Revenues from information database products are earned from the delivery of two elements: (1) delivery of a CD information database and (2) on-line subscription services and database access over the license period. Vendor-specific objective evidence exists to allocate the total fee charged to the elements of the sale. Vendor-specific objective evidence of the fair value of the individual elements is based on the price charged when an element is sold and used separately by a customer.

Revenue from CD information database licences are recognized upon delivery of the CD where persuasive evidence of an arrangement exists, collection is probable, and the fee is fixed or determinable. Revenue from on-line subscription services and database assets is recognized ratably over the term of the contract, typically one year. Revenues from other services are recognized upon substantial completion of service, provided the fee is determinable and collection is reasonably assured.

Revenues that have been prepaid or invoiced but do not yet qualify for recognition under the Company's policies are reflected as deferred revenues.

(i) *Income taxes*

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

(j) *Earnings (loss) per common share*

Basic earnings (loss) per common share has been computed by dividing income applicable to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Fully diluted earning per share calculations assume exercise of options and warrants if dilutive, effective on their dates of issue and that the funds derived therefrom would have been invested at an annual after tax rate of 1.8% (1999 – 1.8%; 1998 – 1.8%; 1997 – 1.8%).

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) *Stock-based compensation plans*

The Company has a stock-based compensation plan which is described in Note 6. Under the plan, options are granted at fair value. No compensation expense has been recognized for options granted under the plan when stock options are issued to employees and directors.

Any consideration paid by employees and directors on exercise of stock options is credited to share capital.

(l) *Comparative figures*

Certain of the prior period's comparative figures have been reclassified to conform with current period's presentation.

3. CHANGES IN ACCOUNTING POLICIES

(a) *Revenue recognition*

During the year ended November 30, 1999, the Company retroactively changed its revenue recognition policy for on-line information database products and services (see Note 2(h)). In prior years, the Company recognized revenue from on-line service contracts at the time access to the service commenced.

(b) *Income taxes*

During the year ended November 30, 1999 the Company elected early adoption of the new recommendations of the Canadian Institute of Chartered Accountants concerning the accounting for income taxes. This new accounting policy was also applied retroactively.

The adoption of the new standard changes the Company's focus when accounting for income taxes from a statement of earnings to a balance sheet approach. Previously, the Company recorded deferred income taxes based on timing differences in the recognition of income and expenses for tax and financial reporting purposes. The new standards require the recognition of future income taxes for the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values.

These new standards also require the Company to compute future income taxes using the enacted corporate income tax rates in effect each year. Previously, deferred income tax balances reflected the rates in effect when the differences arose.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) *Effect of changes in accounting policies*

The effect of these changes is an increase (decrease) in net earnings (loss) for the years ended November 30, 1999, 1998 and 1997 is as follows:

	Years ended November 30,		
	1999	1998	1997
Revenue recognition	\$ (432,099)	\$ (621,265)	\$ (198,876)
Income tax recovery	-	458,990	-
	<u>\$ (432,099)</u>	<u>\$ (162,275)</u>	<u>\$ (198,876)</u>

As a result of these changes, and the effect of these changes on opening deficit as at December 1, 1996, the deficits reported at the end of fiscals 1997 and 1998 have increased by \$297,534 and \$459,809 respectively. In addition, the basic loss per share reported for the years ended November 30, 1998 and 1997 has increased by \$0.02 for both years.

4. CAPITAL ASSETS

	February 29, 2000		November 30,		
	(Unaudited)		1999	1998	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Furniture and equipment	\$ 104,474	\$ 40,588	\$ 63,886	\$ 61,630	\$ 39,161
Computer equipment	429,390	237,571	191,819	171,696	86,200
Leasehold improvements	41,569	21,835	19,734	20,477	10,315
	<u>\$ 575,433</u>	<u>\$ 299,994</u>	<u>\$ 275,439</u>	<u>\$ 253,803</u>	<u>\$ 135,676</u>

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

5. DEFERRED DEVELOPMENT COSTS

	February 29,	November 30,	
	2000	1999	1998
	(Unaudited)		
Balance, beginning of period	\$ 1,721,526	\$ 1,324,311	\$ 1,128,337
Costs deferred during the period	-	397,215	195,974
	\$ 1,721,526	\$ 1,721,526	\$ 1,324,311
Accumulated amortization			
Balance, beginning of period	\$ 1,070,743	\$ 747,829	\$ 439,008
Amortization for the period	70,747	322,914	308,821
	1,141,490	1,070,743	747,829
	\$ 580,036	\$ 650,783	\$ 576,482

6. SHARE CAPITAL

(a) *Authorized*

Unlimited common shares without par value
 Unlimited preferred shares without par value

(b) *Issued and outstanding*

	Common Shares					
	February 29, 2000		November 30,			
	2000		1999		1998	
	(Unaudited)					
	Shares	Amount	Shares	Amount	Shares	Amount
Balance, beginning of year	9,603,250	\$ 2,710,849	8,937,250	\$ 2,454,629	8,596,250	\$ 2,329,928
Stock options exercised	110,000	55,300	316,000	134,720	41,000	16,701
Share warrants exercised	-	-	350,000	121,500	300,000	108,000
	9,713,250	\$ 2,766,149	9,603,250	\$ 2,710,849	8,937,250	\$ 2,454,629

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

6. SHARE CAPITAL (Continued)

(c) *Warrants*

During the year ended November 30, 1999 the Company issued 350,000 common shares upon exercise of share warrants for proceeds of \$121,500. As at November 30, 1999, no share warrants were outstanding.

(d) *Escrow shares*

At February 29, 2000, 1,259,400 shares were held in voluntary escrow as approved by the Canadian Venture Exchange (formerly the Alberta Stock Exchange). The escrow agreement provides that the remaining escrowed shares at February 29, 2000 be released to the shareholders on August 29, 2000.

(e) *Stock option plan*

Under the Company's stock option plan, the Company may grant options to directors, officers, employees and other key personnel of the Company.

The Company has options outstanding under this plan as follows:

Options	February 29,		November 30,			
	2000		1999		1998	
	(Unaudited)					
	Common	Weighted-	Common	Weighted-	Common	Weighted-
	Shares	Average	Shares	Average	Shares	Average
		Exercise		Exercise		Exercise
		Price		Price		Price
Outstanding at beginning of period	958,000	\$ 2.05	755,000	\$ 0.42	799,600	\$ 0.42
Granted	205,000	6.24	519,000	3.43	25,000	0.47
Exercised	(110,000)	0.51	(316,000)	0.43	(41,000)	0.41
Cancelled	-	-	-	-	(28,600)	0.44
Outstanding at end of period	1,053,000	\$ 3.98	958,000	\$ 2.05	755,000	\$ 0.42
Exercisable at end of period	479,000	\$ 0.62	436,500	\$ 0.43	729,250	\$ 0.42

The maximum number of common shares that currently may be issued under the Stock Option Plan is 2,000,000 common shares.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

6. SHARE CAPITAL (Continued)

The following tables summarize information about stock options outstanding and exercisable at November 30, 1999.

Options Outstanding			
Exercise Price	Number Outstanding at November 30, 1999	Weighted Average Remaining Contractual Life	Number Exercisable at November 30, 1999
\$ 0.38	117,500	2.7 years	117,500
0.40	88,000	2.0 years	88,000
0.42	5,000	3.5 years	5,000
0.46	226,000	0.9 years	226,000
0.50	10,000	3.8 years	-
0.65	102,500	4.1 years	-
2.05	50,000	4.3 years	-
3.00	60,000	5.0 years	-
4.75	299,000	4.5 years	-
	958,000		436,500

The following tables summarize information about stock options outstanding and exercisable at February 29, 2000 (unaudited).

Options Outstanding			
Exercise Price	Number Outstanding at February 29, 2000	Weighted Average Remaining Contractual Life	Number Exercisable at February 29, 2000
\$ 0.38	77,500	2.6	77,500
0.40	69,000	1.8	69,000
0.42	5,000	3.2	5,000
0.46	226,000	0.7	226,000
0.50	10,000	3.4	-
0.65	51,500	3.8	51,500
2.05	50,000	3.9	50,000
3.00	60,000	4.8	-
4.60	65,000	4.9	-
4.75	299,000	4.2	-
7.00	140,000	5.0	-
	1,053,000		479,000

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

7. INCOME TAXES

The Company's income tax expense (recovery) for the years ended November 30, 1999 consists of the following:

	Three month period ended		Years ended November 30,		
	February 29, 2000	February 28, 1999	1999	1998	1997
	(Unaudited)	(Unaudited)			
Current tax expense	\$ -	\$ -	\$ -	\$ -	\$ -
Future tax expense (recovery)	(138,233)	75,308	229,070	(516,433)	-
	<u>\$ (138,233)</u>	<u>\$ 75,308</u>	<u>\$ 229,070</u>	<u>\$ (516,433)</u>	<u>\$ -</u>

The reported income tax expense (recovery) differs from the amount computed applying Canadian basic statutory rate to the income before income taxes. The reasons for this difference and the related tax effect are as follows:

	Three month period ended		Years ended November 30,		
	February 29, 2000	February 28, 1999	1999	1998	1997
	(Unaudited)	(Unaudited)			
Canadian basic statutory tax rate	45.62%	45.62%	45.62%	45.62%	45.62%
Expected income tax provision (recovery)	\$ (140,137)	\$ 76,346	\$ 226,664	\$ 121,001	\$ (141,022)
Unrecognized tax losses	-	-	-	-	90,727
Temporary differences not recognized during the year	-	-	-	-	49,651
Benefit of tax losses of prior years recognized during the year	-	-	-	(447,730)	-
Benefit of temporary differences recognized during the year	-	-	-	(191,277)	-
Non-deductible expenses and others	1,904	(1,038)	2,406	1,573	644
	<u>\$ (138,233)</u>	<u>\$ 75,308</u>	<u>\$ 229,070</u>	<u>\$ (516,433)</u>	<u>\$ -</u>

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

7. INCOME TAXES (Continued)

Temporary differences and carryforwards which give rise to the following future income tax assets and liabilities are as follows:

	February 29, 2000	November 30,	
		1999	1998
	(Unaudited)		
Future income tax assets			
Tax loss carryforwards	\$ 609,382	\$ 471,149	\$ 477,391
Deferred financing fees and other	19,690	19,690	39,042
Valuation allowance for future income tax assets	-	-	-
Future income tax liabilities			
Capital assets	(203,476)	(203,476)	-
Net future income tax assets	\$ 425,596	\$ 287,363	\$ 516,433

At November 30, 1999, the Company has tax loss carry-forwards of approximately \$1 million which expire on various dates between 2001 and 2006.

8. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	<u>Three month period ended</u>		<u>Years ended November 30,</u>		
	February 29, 2000	February 28, 1999	1999	1998	1997
	(Unaudited)	(Unaudited)			
Accounts receivable	\$ 412,779	\$ (607,056)	\$ (681,402)	\$ (230,238)	\$ (251,277)
Prepaid expenses	(10,083)	24,526	(17,292)	(60,759)	1,316
Accounts payable and accrued liabilities	(256,265)	28,920	518,254	1,753	12,525
Deferred revenue	(146,748)	249,783	759,713	529,004	271,058
	\$ (317)	\$ (303,827)	\$ 579,273	\$ 239,760	\$ 33,622

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

9. COMMITMENTS

The Company rents its premises, computer equipment and office equipment under operating leases with various expiry dates to November 30, 2002.

As at February 29, 2000, future minimum operating lease payments for the years ending November 30 are due as follows:

2000	\$	205,788
2001		218,854
2002		119,371
	\$	<u>544,013</u>

10. FINANCIAL INSTRUMENTS

(a) *Fair value*

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities as reflected in the balance sheets approximates their respective fair values as at February 29, 2000 and November 30, 1999 and 1998 because of the demand or short-term maturity of these instruments.

(b) *Credit risk*

The Company is subject to normal credit risk as it carries significant accounts receivable from many customers. Bad debt experience has not been significant.

(c) *Foreign exchange risk*

The Company undertakes significant sales in United States dollars and as such is subject to risk due to fluctuations in exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

11. SEGMENTED INFORMATION

The Company manages its operations in one business segment, the development, marketing and delivery of career information database products through the Internet and CD-Rom products, which are available through the Internet and CD-Rom products. All of the Company's operations, assets, and employees are located in Canada. The Company attributes revenue among geographical areas based on the location of the customers involved.

		Three month period ended				
		February 29,	February 28,	Years ended November 30,		
		2000	1999	1999	1998	1997
		(Unaudited)	(Unaudited)			
Canada	15%	\$ 154,613	42% \$ 392,484	25% \$ 1,175,725	38% \$ 909,359	55% \$ 610,826
United States	85%	887,959	58% 542,002	75% 3,440,452	62% 1,483,521	45% 498,334
		\$ 1,042,572	\$ 934,486	\$ 4,616,177	\$ 2,392,880	\$ 1,109,160

12. RELATED PARTY TRANSACTIONS

During the three month period ended February 29, 2000, the Company paid \$30,000 (year ended November 30, 1999 - \$88,500; three months ended February 28, 1999 - \$Nil; year ended November 30, 1998 - \$Nil; year ended November 30, 1997 - \$Nil) in consulting fees to a director of the Company.

During the year ended November 30, 1997, the Company issued 250,000 common shares to a corporation controlled by a related party in exchange for the elimination of all revenue-based payments contemplated in an earlier agreement. During the year ended November 30, 1997, the Company also issued 1,250,000 common shares for proceeds of \$434,549 to officers of the Company under a private placement.

13. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1900 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects for the Year 2000 Issue affecting the Company, including those related to the efforts of suppliers or other third parties, have been fully resolved.

BRIDGES.COM INC.

Notes to the Financial Statements

(Information as at and for the periods ended February 29, 2000 and February 28, 1999 is unaudited)

14. SUBSEQUENT EVENTS

Subsequent to February 29, 2000, the Company:

- (a) completed a private placement consisting of 3.25 million special warrants issued at \$5.55 per special warrant for gross proceeds of \$18,037,500. Each special warrant entitles the holder to acquire a unit consisting of one common share of the Company and one half of a common share purchase warrant for no additional cost. Each full common share purchase warrant entitles the holder to purchase one common share at a price of \$5.90 until March 30, 2001. In the event that receipts for a final prospectus qualifying the issuance of common shares and warrants upon the exercise of special warrants are not issued by the applicable securities regulatory authorities by July 28, 2000, each special warrant will entitle the holder to acquire 1.1 common shares of the Company and one half of a common share purchase warrant at no additional cost; and
- (b) acquired Careerware, a business unit of ISM Information Systems Management Corporation ("ISM"), a subsidiary of IBM Canada Limited for a total cash purchase price of \$11,550,563, including transaction costs of \$715,547. The transaction has been accounted for using the purchase method of accounting and the purchase price has been allocated to the estimated fair value of net assets acquired as follows:

Estimated fair value of net assets acquired:

Current assets	\$ 2,174,724
Acquired software	4,184,060
Other capital assets	593,802
	<hr/>
	6,952,586
Less: Current liabilities	431,029
	<hr/>
	6,521,557
Goodwill	5,029,006
	<hr/>
Purchase price (including transaction costs of \$715,547)	\$ 11,550,563

The results of operations of Careerware will be consolidated by the Company from April 1, 2000, the effective date of the acquisition. Goodwill relating to the acquisition will be amortized on a straight-line basis over a period of 3 years, the expected period of benefit; and

- (c) filed a preliminary prospectus dated June 14, 2000 to qualify for distribution 3.25 million common shares and warrants issuable upon exercise of the special warrants outstanding (Note 14(a)).

Compilation Report on Pro forma Condensed Consolidated Balance Sheet and Statements of Income (Loss)

To the Directors of
Bridges.com Inc.

We have reviewed, as to compilation only, the accompanying pro forma condensed balance sheet of Bridges.com Inc. as at February 29, 2000 and the pro forma condensed consolidated statement of income (loss) for the three month period ended February 29, 2000 and the year ended November 30, 1999 which have been prepared for inclusion in the prospectus of Bridges.com Inc. dated June 14, 2000. In our opinion, these pro forma condensed consolidated financial statements have been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

Chartered Accountants
Vancouver, British Columbia
June 14, 2000

BRIDGES.COM INC.
Pro forma Condensed Balance Sheet
(Unaudited)
(in thousands of Canadian dollars)

	<u>Bridges.com Inc.</u>			
	<u>February 29, 2000</u>	<u>Adjustments</u>	<u>Note</u>	<u>Pro forma balance sheet</u>
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 1,408	\$ (10,927)	4(i)	
		16,489	4(ii)	\$ 6,970
Accounts receivable	837	1,979	4(i)	2,816
Inventory	-	139	4(i)	139
Prepaid expenses	107	57	4(i)	164
	2,352	7,737		10,089
Deferred acquisition costs	624	(624)	4(i)	-
Deferred share issue costs	73	(73)	4(ii)	-
Capital assets	275	594	4(i)	869
Acquired software	-	4,184	4(i)	4,184
Deferred development costs	580	-		580
Future income taxes	426	-		426
Goodwill	-	5,029	4(i)	5,029
	\$ 4,330	\$ 16,847		\$ 21,177
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 345	\$ 24	4(i)	\$ 369
Deferred revenue	1,532	407	4(i)	1,939
	1,877	431		2,308
SHAREHOLDERS' EQUITY				
Special warrants	-	16,416	4(ii)	16,416
Common stock	2,766	-		2,766
Deficit	(313)	-		(313)
	2,453	16,416		18,869
	\$ 4,330	\$ 16,847		\$ 21,177

See Accompanying Notes to the Pro Forma Condensed Financial Statements.

BRIDGES.COM INC.**Pro forma Condensed Consolidated Statement of Income (Loss)**

Three months ended February 29, 2000

(Unaudited)

(In thousands of Canadian dollars)

	<u>Bridges.com Inc.</u>	<u>Careerware</u>			
	Three months ended February 29, 2000	Three months ended March 31, 2000	<u>Adjustments</u>	<u>Note</u>	Pro forma income statement
REVENUE	\$ 1,043	\$ 1,144	\$ 101	4(iv)	\$ 2,288
EXPENSES					
Cost of revenue and sales and marketing, general and administration and other	1,269	1,910	-		3,179
Income (loss) before amortization, interest and income taxes	(226)	(766)	101		(891)
Amortization	(96)	(40)	(523) (420)	4(v) 4(iii)	(1,079)
Interest income	15	-	-		15
LOSS BEFORE INCOME TAXES	(307)	(806)	(842)		(1,955)
Income taxes (recovery)	(138)	-	-		(138)
NET LOSS	\$ (169)	\$ (806)	\$ (842)		\$ (1,817)
LOSS PER SHARE (Note 5)					\$ (0.14)

See Accompanying Notes to the Pro Forma Condensed Financial Statements.

BRIDGES.COM INC.**Pro forma Condensed Consolidated Statement of Income (Loss)**

Year ended November 30, 1999

(Unaudited)

(In thousands of Canadian dollars)

	<u>Bridges.com Inc.</u>	<u>Careerware</u>			<u>Pro forma</u>
	<u>Year ended</u>	<u>Year ended</u>	<u>Adjustments</u>	<u>Note</u>	<u>income</u>
	<u>November 30,</u>	<u>December 31,</u>			<u>statement</u>
	<u>1999</u>	<u>1999</u>			
REVENUE	\$ 4,616	\$ 9,283	\$ 306	4(iv)	\$ 14,205
EXPENSES					
Cost of revenue and sales and marketing, general and administration and other	3,760	7,585	-		11,345
Income (loss) before amortization, interest and income taxes	856	1,698	306	-	2,860
Amortization	(413)	(71)	(1,680)	4(iii)	(4,256)
			(2,092)	4(v)	
Interest income	54	-	-		54
INCOME (LOSS) BEFORE INCOME TAXES	497	1,627	(3,466)		(1,342)
Income taxes	229	-	-		229
NET INCOME (LOSS)	\$ 268	\$ 1,627	\$ (3,466)		\$ (1,571)
LOSS PER SHARE (Note 5)					\$ (0.12)

See Accompanying Notes to the Pro Forma Condensed Financial Statements.

BRIDGES.COM INC.

Notes to the Pro forma Condensed Consolidated Balance Sheet and Statements of Income (Loss)

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma condensed consolidated balance sheet and statements of income (loss) of Bridges.com Inc. for the three months ended February 29, 2000 and the year ended November 30, 1999 have been prepared by management for inclusion in the prospectus of Bridges.com Inc. dated June 14, 2000, after giving effect to the combination of Bridges.com Inc. and Careerware (a division of ISM Information Systems Management Corporation) and related transactions on the basis of the assumptions described in Note 3 below.

The pro forma condensed consolidated financial statements of Bridges.com Inc. have been derived from the following:

- (i) the unaudited interim financial statements of Bridges.com Inc. as at and for the three months ended February 29, 2000;
- (ii) the audited financial statements of Bridges.com Inc. as at and for the year ended November 30, 1999;
- (iii) the unaudited divisional income statement of Careerware for the three months ended March 31, 2000; and
- (iv) the audited divisional income statements of Careerware for the year ended December 31, 1999.

The pro forma condensed consolidated statement of income (loss) of Bridges.com Inc. should be read in conjunction with the foregoing financial statements including the notes thereto.

The pro forma consolidated balance sheet as at February 29, 2000 has been prepared based on the assumptions described in Note 3. It represents the balance sheet for Bridges.com Inc. as at February 29, 2000 after accounting for the acquisition of Careerware as at March 31, 2000 as disclosed in Note 2.

The pro forma consolidated statement of loss for the three months ended February 29, 2000 has been prepared based on the assumptions described in Note 3. It represents the combination of the statements of loss for Bridges.com Inc. for the three months ended February 29, 2000 and for Careerware for the three months ended March 31, 2000.

The pro forma condensed consolidated statement of income (loss) for the year ended November 30, 1999 has been prepared based on the assumptions described in Note 3. It represents the combination of the statements of income (loss) for Bridges.com Inc. for the year ended November 30, 1999 and for Careerware for the year ended December 31, 1999.

BRIDGES.COM INC.

Notes to the Pro forma Condensed Consolidated Balance Sheet and Statements of Income (Loss)

(Unaudited)

1. BASIS OF PRESENTATION (Continued)

The pro forma condensed consolidated statements of income (loss) are not intended to reflect the results of operations of Bridges.com Inc. which would have actually resulted had the transactions described in Note 3 and other pro forma adjustments been effected on the dates indicated. The divisional statements of Careerware include specific allocations for communication and facilities costs but do not include allocations of general corporate overhead (audit and legal fees). Further, these pro forma financial statements are not indicative of the results of the operations that may be attained in the future.

2. ACQUISITION OF CAREERWARE

Effective March 31, 2000, the Company acquired Careerware, a business unit of ISM Information Systems Management ("ISM"), a subsidiary of IBM Canada Limited for a total cash purchase price of \$11,550,563, including transaction costs of \$715,547. The transaction has been accounted for using the purchase method of accounting and the purchase price has been allocated to the estimated fair value of net assets acquired as follows:

Estimated fair value of net assets acquired:

Current assets	\$ 2,174,724
Acquired software	4,184,060
Other capital assets	593,802
	<u>6,952,586</u>
Less: Current liabilities	<u>431,029</u>
	6,521,557
Goodwill	5,029,006
	<u>11,550,563</u>
Purchase price (including transaction costs of \$715,547)	<u>\$ 11,550,563</u>

The results of operations of Careerware will be consolidated by the Company from April 1, 2000, the effective date of the acquisition. Goodwill relating to the acquisition is amortized on a straight-line basis over a period of 3 years, the expected period of benefit.

3. PRO FORMA ASSUMPTIONS

The pro forma condensed consolidated statements of income (loss) incorporate pro forma assumptions as follows:

- (i) for the pro forma condensed consolidated statement of loss for the three months ended February 29, 2000, the acquisition of Careerware as if it occurred on December 1, 1999; and

BRIDGES.COM INC.

Notes to the Pro forma Condensed Consolidated Balance Sheet and Statements of Income (Loss)

(Unaudited)

3. PRO FORMA ASSUMPTIONS (Continued)

- (ii) for the pro forma condensed consolidated statement of income for the year ended November 30, 1999, acquisition of Careerware as if it had occurred on December 1, 1999; and
- (iii) the completion of the private placement (Note 4(ii)) on February 29, 2000.

4. PRO FORMA ADJUSTMENTS

The pro forma condensed consolidated financial statements include the following adjustments:

- (i) to record the acquisition of Careerware (Note 2);
- (ii) to record the private placement of 3.25 million special warrants issued at \$5.55 per special warrant for net proceeds of \$16,415,815 (gross proceeds of \$18,037,500 net of issuance costs of \$1,621,685);
- (iii) to record goodwill amortization related to Careerware;
- (iv) to record recognition of deferred revenue related to Careerware; and
- (v) to record amortization of acquired software related to Careerware straight-line over a two year period.

5. LOSS PER SHARE

For the purposes of the pro forma condensed consolidated financial statements, the loss per share has been calculated using the weighted average number of shares which would have been outstanding during the three months ended February 29, 2000 and year ended November 30, 1999 after giving effect to the transactions described in Note 4.

May 9, 2000

Review Engagement Report

**To the Director of
ISM Information Systems Management Corporation**

As requested, we have reviewed the divisional income statement of **Careerware** for the three months ended March 31, 2000. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Careerware division, ISM Information Systems Management Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on this divisional income statement.

Based on our review, nothing has come to our attention that causes us to believe that this divisional income statement is not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Careerware

Statement of Divisional Income

(Unaudited) For the three months ended March 31, 2000

(in thousands of Canadian dollars)

	\$
Revenue	<u>1,144</u>
Expenses	
Compensation and welfare	801
Travel and meals	186
Contracting services	415
Building and courier expenses	263
Depreciation	40
Other expenses	23
Communication and network	79
Hardware, software and IT services	<u>143</u>
Total operating expenses	<u>1,950</u>
Divisional loss	<u>806</u>

1 Nature of operations and summary of significant accounting policies

Nature of operations

Careerware is a division of ISM Information Systems Management Corporation (ISM). Its business is the provision of career information delivery systems in the U.S. and Canada. Careerware develops PC software, internet applications and supporting materials in various media for sale into the educational and human resources markets.

Revenue

Revenue is recognized from software licence agreements evenly over the contract life commencing when the program is shipped. Contracts are generally for one or three year terms. Revenue is reduced for estimated customer returns, allowances and anticipated price actions.

Amortization

Furniture, fixtures, computer and other property are amortized over their estimated useful lives on a straight-line basis. Effective January 1, 2000, Careerware revised its estimate of the useful lives for the principal asset categories from 5 years to 3 years.

Inventories

Inventories are valued at the lower of cost or net realizable value, cost being determined either by a weighted average method or at actual purchase cost.

Foreign exchange

Assets and liabilities in foreign currency are translated into Canadian dollars at year-end exchange rates. Revenue and costs are translated at the average exchange rate prevailing during the month. Any resulting exchange adjustments are included in current earnings.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results may differ from those estimates.

2 Research and development

Costs incurred in relation to the development of annual product releases are expensed as incurred.

3 Corporate allocations

The divisional statement includes specific allocations for the use of the ISM e-mail system and the cost of the building the division occupies in Ottawa. The e-mail charge is based on head count and the building charge is based on the square footage occupied.

The divisional statement does not include allocations of general corporate overhead (audit fees and legal fees), interest or taxes.

May 9, 2000

Auditors' Report

To the Director of ISM Information Systems Management Corporation

We have audited the divisional income statement of **Careerware** for the year ended December 31, 1999. The divisional income statement is the responsibility of ISM Information Systems Management Corporation. Our responsibility is to express an opinion on the divisional income statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the divisional income statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the divisional income statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall divisional income statement presentation.

In our opinion, the divisional income statement presents fairly, in all material respects, the results of the **Careerware** division's operations for the year ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Careerware

Statement of Divisional Income

For the year ended December 31, 1999

(in thousands of Canadian dollars)

	\$
Revenue	<u>9,283</u>
Expenses	
Compensation and welfare	2,912
Travel and meals	971
Contracting services (note 4)	1,665
Building and courier expenses	838
Depreciation	71
Other expenses	77
Communication and network	263
Hardware, software and IT services	<u>859</u>
Total operating expenses	<u>7,656</u>
Divisional income	<u>1,627</u>

1 Nature of operations and summary of significant accounting policies

Nature of operations

Careerware is a division of ISM Information Systems Management Corporation (ISM). Its business is the provision of career information delivery systems in the U.S. and Canada. Careerware develops PC software, internet applications and supporting materials in various media for sale into the educational and human resources markets.

Revenue

Revenue is recognized from software licence agreements evenly over the contract life commencing when the program is shipped. Contracts are generally for one or three year terms. Revenue is reduced for estimated customer returns, allowances and anticipated price actions.

Amortization

Furniture, fixtures, computers and other property are amortized over their estimated useful lives on a straight-line basis. Estimated useful lives for the principal asset categories are estimated to be 5 years.

Inventories

Inventories are valued at the lower of cost or net realizable value, cost being determined either by a weighted average method or at actual purchase cost.

Foreign exchange

Assets and liabilities in foreign currency are translated into Canadian dollars at year-end exchange rates. Revenue and costs are translated at the average exchange rate prevailing during the month. Any resulting exchange adjustments are included in current earnings.

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3 Corporate allocations

The divisional statement includes specific allocations for the use of the ISM e-mail system and the cost of the building the division occupies in Ottawa. The e-mail charge is based on head count and the building charge is based on the square footage occupied.

The divisional statement does not include allocations of general corporate overhead (audit fees and legal fees), interest or taxes.

4 Related party transactions

Contracting services expense includes \$35,931 in charges from ISM relating to the use of ISM personnel for consultation purposes.

May 9, 2000

Review Engagement Report

**To the Director of
ISM Information Systems Management Corporation**

As requested, we have reviewed the divisional income statement of **Careerware** for the year ended December 31, 1998. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Careerware division, ISM Information Systems Management Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on this divisional income statement.

Based on our review, nothing has come to our attention that causes us to believe that this divisional income statement is not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Careerware

Statement of Divisional Income

(Unaudited) For the year ended December 31, 1998

(in thousands of Canadian dollars)

	\$
Revenue	<u>9,373</u>
Expenses	
Compensation and welfare	2,201
Travel and meals	869
Contracting services	2,200
Building and courier expenses	867
Depreciation	46
Other expenses	56
Communication and network	83
Hardware, software and IT services	<u>922</u>
Total expenses	<u>7,244</u>
Divisional income	<u>2,129</u>

1 Nature of operations and summary of significant accounting policies

Nature of operations

Careerware is a division of ISM Information Systems Management Corporation (ISM). Its business is the provision of career information delivery systems in the U.S. and Canada. Careerware develops PC software, internet applications and supporting materials in various media for sale into the educational and human resources markets.

Revenue

Revenue is recognized from software licence agreements evenly over the contract life commencing when the program is shipped. Contracts are generally for one or three year terms. Revenue is reduced for estimated customer returns, allowances and anticipated price actions.

Amortization

Furniture, fixtures, computers and other property are amortized over their estimated useful lives on a straight-line basis. Estimated useful lives for the principal asset categories are estimated to be 5 years.

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Assets and liabilities in foreign currency are translated into Canadian dollars at year-end exchange rates. Revenue and costs are translated at the average exchange rate prevailing during the month. Any resulting exchange adjustments are included in current earnings.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results may differ from those estimates.

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The divisional statement does not include allocations of general corporate overhead (audit fees and legal fees), interest or taxes.

CERTIFICATE OF THE COMPANY

Dated: June 14, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of the *Securities Act* (British Columbia), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario). This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

(Signed) DOUGLAS J. MANNING
President and Chief
Executive Officer

(Signed) JOHN B. WALKER
Chief Financial Officer

On behalf of the Board of Directors

(Signed) JOHN C. SIMMONS
Director

(Signed) EDWARD J. HALL
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 14 , 2000

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of the *Securities Act* (British Columbia), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario). This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

YORKTON SECURITIES INC.

By: (Signed) PETER HOFMAN

BMO NESBITT BURNS INC.

CANACCORD CAPITAL CORPORATION

By: (Signed) BLAIR AGNEW

By: (Signed) PETER M. BROWN

GOEPEL MCDERMID INC.

By: (Signed) BRIAN BEGERT