THIS SUBSCRIPTION AGREEMENT dated the 25 day of October, 2000 is made,

B E T W E E N:

SLMSOFT.COM INC., a company incorporated under the laws of the Province of Ontario

(hereinafter called the "Corporation")

- and-

ATLAS SECURITIES INC.
(hereinafter called the "Subscriber")

WHEREAS the Subscriber desires to subscribe for and purchase from the Corporation and the Corporation desires to issue in a unit to the Subscriber $2,000,000 principal amount of 8.5% convertible, unsecured, subordinated debenture and 200,000 limited voting share purchase warrants of the Corporation.

NOW THEREFORE, in consideration of the premises and in further consideration of the mutual covenants herein set forth, the parties hereto agree as follows:

1. **Subscription**. Subject to the terms and conditions of this agreement, the Subscriber hereby irrevocably subscribes for the purchase of a $2,000,000 principal amount of 8.5% convertible, subordinated, unsecured debenture (the "Debenture") and a warrant (the "Warrants") to purchase 200,000 limited voting shares of the Corporation (the "LV Shares"), having the terms set forth in Schedule "A" hereto, in a unit for a subscription price of $2,000,000 (the "Subscription Price"). The Corporation hereby accepts such subscription and agrees to issue to the Subscriber the Debenture and the Warrants against payment by the Subscriber of the Subscription Price of the Debenture. The Subscriber hereby authorizes and directs the Company to register the Debenture and Warrants subscribed for herein in the name and address set forth in section 10.

2. **Payment and Delivery**. The Corporation agrees, by its acceptance of this subscription, to issue and deliver to the Subscriber on October 23, 2000 (the "Closing Date"), or on such other date or dates as may be mutually agreed upon by the Corporation and the subscriber, definitive certificates, duly executed by the Corporation, in fully registered form, evidencing the Debenture and Warrants subscribed for herein, against payment thereof by certified cheque or bank draft in the amount of $2,000,000 (the "Subscription Price") payable to the Corporation.

3. **Representations and Warranties**. The Corporation hereby represents and warrants to the Subscriber that:

   a. the Corporation has been duly incorporated and is validly existing under the laws of the Province of Ontario, has all requisite corporate power and authority to own, lease and operate its properties and assets and conduct its business as currently conducted;

b. the Corporation has conducted and is conducting its business in compliance with all applicable laws and regulations of each jurisdiction in which its business is carried on, including, without limitation, all applicable federal, provincial, state, municipal, and local environmental laws and regulations, including applicable policies and guidelines, or environmental permits, where the failure so to comply would have an effect which is materially adverse to the business, assets, financial condition, earnings, operations or prospects of the Corporation taken as a whole (a "Material Adverse Effect") and the Corporation has not received notice of non-compliance, or knows of, or has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance, or knows of, or has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any applicable environmental laws or regulations, including applicable policies and guidelines, or environmental permits, where such non-compliance would have a Material Adverse Effect;

c. the Corporation has all licences, leases, permits, authorizations and other approvals necessary to permit them to conduct their business as currently conducted, where the failure so to have the foregoing would have a Material Adverse Effect;

d. the authorized capital of the Corporation consists of an unlimited number of variable multiple voting shares ("VMV Shares"), an unlimited number of LV Shares, 3,703,682 convertible preferred shares ("CP Shares") and an unlimited number of first preferred shares issuable in series, of which 6,584,849 VMV Shares, 6,878,489 LV Shares, 3,703,682 CP Shares and no first preferred shares are issued and outstanding on the date hereof, and all of such outstanding VMV Shares, LV Shares and CP Shares have been validly issued and are outstanding as fully paid and non-assessable shares;

e. the Corporation has all requisite corporate power and authority: (1) to enter into this agreement; (2) to create, issue, sell and deliver the Debenture and the Warrants; and (3) to issue and deliver the LV Shares issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants;

f. other than as may be required under the Securities Laws, no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the creation, issue and sale of the Debenture and the Warrants or the issue of the LV Shares issuable upon conversion of the Debenture or exercise of the Warrants;

g. each of this agreement, the Debenture and the Warrants has been, or will upon the execution thereof be, duly authorized, executed and delivered by the Corporation and constitutes, or will constitute when executed and delivered, a valid and binding obligation of the Corporation, enforceable against it in accordance with its terms, subject to bankruptcy laws and the availability of equitable remedies and subject to the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

h. the Corporation has not received notice from any governmental or regulatory authority of any jurisdiction in which it carries on a material part of its business, or owns or leases any material property, of any restriction on its ability to, or of a requirement for it to qualify to, conduct its business in such jurisdiction, except such qualifications as have been satisfied, nor is the Corporation otherwise aware of any restriction on its ability to, or of a requirement for it to qualify to, conduct its business in such jurisdiction, except such qualifications as have been satisfied and except where the failure to satisfy any such requirement or qualification would not individually or in the aggregate, have a Material Adverse Effect;

i. The Trust Corporation of Bank of Montreal at its office in the City of Toronto has been duly appointed as the registrar and transfer agent for the LV Shares;

j. as at their respective dates of filing, all financial statements, management's discussion and analyses, annual information forms, management information circulars, material change reports and press releases filed with the securities regulatory authorities and/or the TSE were true and correct in all material respects, disclosed all material facts relevant to the Corporation to the extent required by Securities Laws and did not contain any misrepresentation;

k. the Corporation is a reporting issuer and is not of the list of defaulting reporting issuers under the *Securities Act* (Ontario);

l. the outstanding LV Shares are listed and posted for trading on the TSE; and

m. no order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of securities by the Corporation has been issued and no proceedings for this purpose have been instituted, are pending, contemplated or threatened.

The representations and warranties of the Corporation contained in this agreement shall survive the Closing, the execution and delivery of any security transfer instruments or other documents of title relating to the Debenture and Warrants and the payment of the consideration therefor for the period ending on the date which is 12 months from the Closing Date.

4. **Representations and Warranties**. The Subscriber hereby represents and warrants to the Corporation that:

a. the Subscriber is purchasing the Debenture and Warrants subscribed for herein as principal for its own account, and not for the benefit of any other person, and is purchasing a sufficient number of Debenture and Warrants so that its aggregate acquisition cost for the Debenture and Warrants subscribed for herein is sufficient to ensure the availability of an exemption from the prospectus requirements of the *Securities Act* (Ontario) and applicable securities legislation of the jurisdiction in which the Subscriber resides;

b. the Debenture and Warrants subscribed for herein are being purchased by the Subscriber for investment only and not with a view to resale or distribution;

c. the Subscriber's decision to make this subscription and to purchase the Debenture and Warrants subscribed for herein has not been made upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation or any other person, other under this agreement;

d. the Subscriber is not a citizen, resident or national of, or institution organized, chartered or resident in, the United States of America, including, its territories or possessions;

e. the Subscriber has an office or place of business in the jurisdiction set forth in section 10 and this subscription has been arranged through that office or place of business;

f. the Subscriber has been independently advised of the restrictions on resale of the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants) subscribed for herein imposed by the *Securities Act* (Ontario) or applicable securities legislation of the jurisdiction in which the Subscriber resides; and

g. this subscription agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of the Subscriber enforceable against it in accordance with its terms.

5. **<u>Covenants</u>**. The Subscriber hereby covenants to the Corporation that:

(a) the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants) subscribed for herein and purchased by the Subscriber pursuant to this subscription agreement will be held by it in the jurisdiction in which the Subscriber resides;

(b) the Subscriber will comply with any applicable securities legislation, order or policy statement concerning the purchase of, and holding of, the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants) subscribed for herein and concerning any resale of the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants) subscribed for herein;

(c) the Subscriber will provide the Corporation with such information and documents, including certificates and statutory declarations, as the Corporation may reasonably require to establish any of the foregoing or as may be required to be filed under applicable securities legislation, stock exchange by-laws and policy statements; and

(d) the Subscriber shall provide the Corporation with 30 days prior written notice of any proposed sale by the Subscriber of LV Shares and shall co-operate with the Corporation for the purposes of providing for an orderly sale of LV Shares issued upon conversion of the Debenture, payment of interest on the Debenture or exercise of the Warrants so as to avoid, to the extent reasonably possible, any negative impact on the market price of the LV Shares.

6. **Acknowledgements.**

The Subscriber hereby acknowledges to the Corporation that:

(a) the Subscriber has relied solely upon the representations and warranties of the Corporation contained herein and publicly available information relating to the Corporation and that to the extent such publicly available information does not constitute documents filed by the Corporation under applicable securities legislation the Corporation assumes no responsibility or liability of any nature whatsoever for the accuracy or adequacy of the publicly available information upon which the Subscriber's investment decision has been made;

(b) no "offering memorandum" within the meaning of applicable securities legislation has been delivered to the Subscriber in connection with the Offering;

(c) the Corporation is required by law to disclose, on a confidential basis, to provincial securities regulatory authorities the identity of each beneficial purchaser of the Debenture and Warrants subscribed for herein for whom the Subscriber may be acting;

(d) the Subscriber's ability to transfer the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture and exercise of the Warrants) subscribed for herein is limited by, among other things, applicable securities legislation and the Private Placement Questionnaire and Undertaking attached hereto as Schedule “B”;

(e) the Debenture and Warrants (and the LV Shares of the Corporation issuable upon conversion of the Debenture, payment of interest on the Debenture and exercise of the Warrants) subscribed for herein are subject to resale restrictions set forth in the *Securities Act* (Ontario) or applicable securities legislation of the jurisdiction in which the Subscriber resides and are otherwise subject to the terms, conditions and provisions of the certificates evidencing the Debenture and Warrants subscribed for herein; and

(f) the Corporation is relying upon the representations and warranties, covenants and acknowledgements of the Subscriber herein.

7. **Survival**. The representations, warranties, acknowledgements and covenants contained herein are made by the Subscriber with the intent that they be relied upon by the Corporation in determining its suitability as a purchaser of the Debenture and Warrants subscribed for herein and the Subscriber hereby agrees that such representations, warranties, acknowledgements and covenants shall survive the Closing, the execution and delivery of any security transfer instruments or other documents of title relating to the Debenture and Warrants and the payment of the consideration therefor and shall continue in full force and effect without limit as to time, notwithstanding any subsequent disposition by the Subscriber of the Debenture and Warrants subscribed for herein.

8. **Conditions of Closing of the Subscriber**. The obligation of the Subscriber to complete this subscription is subject to the Subscriber receiving on the Closing Date definitive certificates, duly executed by the Corporation, in fully registered form, evidencing the Debenture and Warrants subscribed for herein.

9. **Conditions of Closing of the Corporation**. The obligation of the Corporation to complete this subscription is subject to the satisfaction of each of the following conditions precedent on or prior to the Closing Date:

a. the Corporation shall have received The Toronto Stock Exchange Private Placement Questionnaire and Undertaking duly completed and executed by the Subscriber in the form attached hereto as Schedule "B";

b. the Corporation shall have received a certified cheque or bank draft payable to it in the amount of the Subscription Price; and

c. the Corporation shall have received from the Subscriber such other documentation as may be required by applicable securities regulatory authorities and stock exchanges to exempt the sale of the Debenture and Warrants subscribed for herein from the prospectus and offering memorandum requirements of the securities legislation of the jurisdiction in which the Subscriber resides.

10. **Notices.** Every notice, demand or other communication shall be in writing and shall be sufficiently given if personally delivered, sent by registered mail (acknowledgment of receipt requested), postage prepaid, or sent by facsimile transmission or similar method of communication, charges prepaid, to the intended recipient at its address as follows:

(a) to the Corporation, at:

Suite 600
1 Yorkdale Road
Toronto, Ontario
M6A 3A1

Facsimile No.: (416) 789-9078
Telephone No.: (416) 767-8884

Attention: Dev Misir, Executive Vice-President

with a copy to Gowling Lafleur Henderson LLP, at:

Suite 4900
Commerce Court West
Toronto, Ontario
M5L 1J3

Facsimile No.: (416) 862-7661
Telephone No.: (416) 862-5756

Attention: Howie C. Wong

(b) to the Subscriber, at:

P.O. Box 557, Times Square
Leeward Highway, Providenciales
Turks and Caicos Islands, British West Indies

Facsimile No.: (649) 941-5835
Telephone No.: (649) 941-5315

Attention: Wayne Turner, Chairman

11. **No Broker:** Each of the parties represents and warrants to the other that all negotiations relating to this agreement and the transactions contemplated by this agreement have been carried on between them directly, without the intervention of any other person on behalf of any party in such manner as to give rise to any valid claim against any of the Corporation or the Subscriber for a brokerage commission, finder's fee or other like payment.

12. **Governing Laws**. This subscription agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Subscriber has caused this subscription agreement to be executed at the City of Toronto in the Province of Ontario, this 25 day of October, 2000.

SLMSOFT.COM INC.

Per: "Dev Misir"
Dev Misir
Executive Vice-President

ATLAS SECURITIES INC.

Per: <u>"Wayne Turner"</u>

SCHEDULE "A"

TERMS OF THE DEBENTURE AND WARRANTS

Debenture -

- *Term*: Three years

- *Interest*: The Debenture will bear interest at the rate of 8.5% per annum from the date of issue to maturity, payable (less any tax required by law to be deducted therefrom) in arrears on the date of maturity, at the option of the Corporation, in cash or in LV Shares at a price equal to the weighted average closing price at which the LV Shares have traded on The Toronto Stock Exchange (or if the LV Shares are not listed on The Toronto Stock Exchange, on The Nasdaq stock market or a stock exchange on which the LV Shares are listed) during 20 consecutive trading days ending five trading days before the interest payment date.

- *Conversion*: The principal amount of the Debenture will be convertible at the option of the Subscriber or at the option of the Corporation at any time after the date of issuance and prior to maturity, into fully paid and non-assessable LV Shares at $4.15 per share (unless that price shall have been adjusted in accordance with the provisions of the Debenture, in which case at the adjusted price in effect on the date of conversion).

- *Subordination:* The payment of principal and interest on the Debenture will be subordinated in right of payment to the prior payment in full in cash or cash equivalents of the principal of and premium (if any) and interest on all items of indebtedness which in accordance with generally accepted accounting principles would be included in determining total liabilities on a consolidated basis at the date as of which indebtedness is to be determined but, in any event, includes, without limitation:

  (a) obligations secured by any mortgage, hypothec, pledge or lien, whether or not the obligations secured thereby shall have been assumed,
  (b) guarantees, endorsements (other than endorsements for collection in the ordinary course of business) and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire or service, obligations of others,
  (c) refinancing or refunding of the foregoing,

  incurred, assumed or guaranteed by the Corporation from time to time, as the case may be, which is secured by all or part of the assets of the Corporation, unless it is provided by the terms of the instrument creating or evidencing that indebtedness that that indebtedness is not to be superior in right of payment to the Debenture, and further includes the principal of and premium (if any) and interest on the, (i) $3,180,550 principal amount of 16% redeemable subordinated unsecured debenture issued to Insight Capital Partners III, L.P., (ii) $576,887 principal amount of 16% redeemable subordinated unsecured debenture issued to Insight Capital Partners III, L.P.; (iii) $1,145,670 principal amount of 16% redeemable subordinated unsecured debenture issued to Insight Capital Partners III (Cayman), L.P.; and (iv) $849,946 principal amount of 16% redeemable subordinated unsecured debenture issued to UBS Capital LLC.

- *Obligations*: The Debenture will be an unsecured obligation of the Corporation

Warrants -

- *Number*: Each whole Warrant will entitle the holder to purchase one fully paid and non-assessable LV Share at any time up to 4:30 o'clock in the afternoon (Toronto time) 24 months following the date of issuance.

- *Price*: $5.00 per LV Share (unless that price shall have been adjusted in accordance with the provisions of the certificate representing the Warrants, in which case at the adjusted price in effect on the date of exercise).

SCHEDULE "B"

THE TORONTO STOCK EXCHANGE

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING

To be completed by each proposed private placement purchaser of listed securities or securities which are convertible into listed securities.

QUESTIONNAIRE

1. **DESCRIPTION OF TRANSACTION**

   (a) Name of Issuer of the Securities SLMsoft.com Inc.

   (b) Number and Class of Securities to be Purchased $2 million principal amount of 8.5% convertible, subordinated, unsecured debenture and warrants to purchase 200,000 limited voting shares of the issuer

   (c) Purchase price $2 million

2. **DETAILS OF PURCHASER**

   (a) Name of Purchaser Atlas Securities Inc.

   (b) Address P.O. Box 557, Times Square, Leeward Highway, Providenciales, Turks and Caicos Islands, British West Indies

   (c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser

3. **RELATIONSHIP TO ISSUER**

   (a) Is the purchaser (or any person named in response to 2(c) above) an insider of the issuer for the purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state the capacity in which the purchaser (or person named in response to 2(c) above) qualifies as an insider
   NO

   (b) If the answer to (a) is "no", are the purchaser and the issuer controlled by the same person or company? If so, give details
   NO

4. **DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER**

Give details of all trading by the purchaser, as principal, in the securities of the issuer (other than debt securities which are not convertible into equity securities), directly or indirectly, within 60 days preceding the date hereof
Purchase of 9,700 limited voting shares at prices ranging from $5.00 to $5.50

UNDERTAKING

To: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire And Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period of six months from the date of the closing of the transaction herein or for such period as is prescribed by applicable securities legislation, whichever is longer, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

DATED AT Toronto, Ontario	Atlas Securities Inc. (Name of Purchaser - please print)
this day of October, 2000	(Authorized Signature)
	- (Official Capacity - please print)
	- (please print here name of individual whose signature appears above, if different from name of purchaser printed above)