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SUITE 101 COM INC
Form 10KSB
March 27, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-KSB

Mark One:

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the fiscal year ended DECEMBER 31, 2001; or

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____.

COMMISSION FILE NO. 0-25136
SUITE101.COM, INC

(Name of Small Business Issuer in its Charter)

DELAWARE

33-0464753

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

1122 MAINLAND STREET - SUITE 210, VANCOUVER, BRITISH COLUMBIA, CANADA V6B 5L1

(Address of Principal Executive Offices)

(Zip Code)

604-682-1400

(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class

Name of Each Exchange on Which Registered

None

Securities Registered Pursuant to Section 12(g) of the Exchange Act:

Common Stock, par value \$.001 per share

(Title of Each Class)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve (12) months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if there is no disclosure of delinquent filers in response to

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Item 405 of Regulation S-B in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB, or any amendment to this Form 10-KSB. |X|

State Issuer's revenues for its most recent fiscal year: \$40,067.

The aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of March 19, 2002, was \$10,447,207. (Non-affiliates have been determined on the basis of holdings set forth in Item 11 of this Annual Report on Form 10-KSB.)

The number of shares outstanding of each of the Issuer's classes of common equity, as of March 19, 2002, was 13,217,462.

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

ITEM 1 - DESCRIPTION OF BUSINESS:

SUITE101.COM, INC.

Suite101.com, Inc. has been engaged since 1996 in the creation, operation and maintenance of a World Wide Web-based community, known as Suite101.com. Its emphasis has been on creating an online community growing organically where Internet users can express themselves, share ideas, interests and expertise, and publish content accessible to other Internet users with common interests. Our community includes our Members, our Editors, and our visitors. Suite101.com's Member-generated Best-of-Web Directory, which was started in 1996, is the accumulated efforts of our Members and our Editorial Team - which includes our Senior, Managing and Contributing Editors (Web guides). Our Best-of-Web Directory is organized into ten (10) categories using the Dewey Decimal Classification (R) system (DDC) (1) and the Library of Congress Subject Headings (LCSH). Our Contributing Editors publish content and search the Internet for the best resources (links) on the Web.

Since our inception, Suite101.com's community of writers has been using Suite101.com's online publishing tools, which includes proprietary software we developed, to publish original, organic content. These user-friendly publishing tools make it easy for writers to create and publish their content online. Without the availability of these online publishing tools, writers would have to post their works on their own web site or to another community portal in order for their works to be published on the Internet. Suite101.com allows writers to produce articles off-line and then, using our proprietary software, post the articles to our site without the need to know complex computer languages or programming. Once posted, the articles are automatically published in Web format on our site, catalogued by topic and categorized using the DDC system and form part of Suite101.com's Best-of-Web Directory.

Suite101.com has used its exclusive online management structure, referred to as our "Enabling Platform", to manage and maintain our remote team

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of as many as in excess of 1,000 Contributing Editors. The Enabling Platform is an online system of distributed management and intellect. By making use of the Internet and its inherent ability to connect users and facilitate communication worldwide, Suite101.com has been able to develop and manage its community of writers with only a two (2) person head office editorial staff - our Editor-in-Chief and our Editorial Coordinator.

(1) Suite101.com utilizes the Dewey Decimal Classification system as the organization structure for our Best-of-Web Directory. The Dewey Decimal Classification system is (C)1996-2001 OCLC Online Computer Library Center, Incorporated. (R)"OCLC," "Dewey," "Dewey Decimal Classification," & "DDC," are registered trademarks of OCLC Online Computer Library Center, Incorporated. "Organized by Dewey" is a trademark of OCLC. Used under License.

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Through the interconnection of users and communication over the Internet and using our internally developed software, Suite101.com's Enabling Platform has allowed our Editorial Team to vet, edit, publish and enhance the quality of our original, Member-generated content efficiently and cost-effectively. We believe our Enabling Platform has provided the means to efficiently find and produce good quality content on the Internet, cost-effectively.

RECENT DEVELOPMENTS

Background. Since early 1999, using approximately \$6.1 million out of total proceeds of \$9.5 million we raised in private sales of our securities in 1999 and 2000, we have endeavored to develop our activities into revenue generating operations. During the period January 1, 1999 through December 31, 2001, our total revenues were \$43,600 and our available cash fell from \$9,321,525 at the end of March 2000 to \$4,048,630 at the end of December 2001. Also, since 1999, there have been enormous changes in the stock market's perception of the likelihood of success for Internet-based enterprises which has affected substantially our ability to raise capital and achieve our business objectives. Accordingly, by unanimous action of our Board of Directors taken in the fourth quarter of 2001, we determined to review our business activities with a view to redirecting those activities.

On December 21, 2001, we announced in a press release dated that date that our Board of Directors was engaged in a review of our activities with a view to the possible redirection of our operations in an effort to enhance and maximize shareholder values. We stated that no definitive agreements had been entered into at that time.

On January 8, 2002, we issued a further press release dated that date and stated that in furtherance of our previously announced efforts to re-direct our operations under consideration by our Board of Directors, we were inviting companies and other persons with a possible strategic interest in Suite101.com to consider entering into discussions with us looking to a possible business combination, restructuring or other reorganization transaction. We stated that we were seeking initial responses on or before January 25, 2002.

We also announced in the January 8, 2002 press release that in

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conjunction with our efforts to re-direct our operations, we had reduced our staff by five people to 14 employees and had revised our monthly compensation arrangements with our Contributing Editors. Previously, the Contributing Editors had received compensation of up to \$25 per month, based on the number of articles written. As of December 31, 2001, we terminated the payment of the monthly compensation to Contributing Editors. Managing Editors and Senior Managing Editors continue

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to receive compensation. We further stated that as we continued our efforts to re-direct our activities, further changes in staffing and compensation arrangements may be made.

The changes we made in our staffing and compensation arrangements we believe were appropriate in the light of our limited revenues. We also believe these changes enhance our ability to enter into a business combination or other restructuring transaction by reducing current levels of overhead. We believe that these revised compensation arrangements are in line with current practices of other Internet communities.

Since January 8, 2002, we have further reduced our staff and currently our only employee is our President and Chief Executive Officer. In place of our staff, on February 14, 2002, effective January 31, 2002, we entered into an agreement with Creative Marketeam Canada Ltd., a corporation wholly owned by Douglas Loblaw, our former chief operating officer, to provide continuing management and operating services, at Marketeam's expense, for the day-to-day operations of the Suite101 Web site, known as Suite101.com. Subsequently, on February 25, 2002, Mr. Loblaw was elected a Director of our Company.

Our press release dated January 8, 2002 invited persons with a possible strategic interest in the Suite101 Web site and community to consider entering into a restructuring or other reorganization transaction with us. This press release was supplemented by correspondence and personal contacts with senior executive officers at approximately ten (10) corporations and other entities that we believed may have an interest in entering into a strategic business combination or other similar transaction or relationship with us. We received two responses, further described below, we believed merited further discussions. One response involved an interest expressed on behalf of a group of persons interested in acquiring 1,625,617 million of the shares of our common stock held by Peter Bradshaw and his daughter, Julia Bradshaw, and having representation on our Board of Directors. The second response was from a corporation interested in acquiring an option to purchase the assets of the Suite101 Web site, known as Suite101.com.

The Management Agreement. The management agreement with Marketeam was for an initial one-month period commencing January 31, 2002 and continues from month to month thereafter until terminated by either party on ten (10) days' notice. In consideration of the services to be performed by Marketeam, we pay Marketeam a fee of \$26,000 per month, plus an amount equal to our receipts from our contracts with BarnesandNoble.com, LLC. Marketeam provides continuing management and operating services, at its expense, over the day-to-day operations of the Suite101 Web site. It is responsible to our Board of Directors for all phases of the day-to-day management and operations of the Suite101 Web site, including accounting and bookkeeping, making payments at its expense to Senior and Managing Editors, providing administration, oversight and fulfillment of our duties and responsibilities under our agreements with BarnesandNoble.com, LLC, providing Internet access to the Web site, hosting email, providing property maintenance, implementing software upgrades, and arranging intellectual

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property licensing, among other matters. Marketeam is responsible for the implementation, management and operation of such aspects of any programs relating to the planning, operation, management and control of the Suite101.com Web site as are necessary to the continuing uninterrupted operation of the Suite101.com Web site. The agreement prohibits Marketeam from (i) negotiating or entering into any agreements regarding the issuance of any of our capital stock, the sale of any of our assets or any transaction involving any merger, consolidation or business combination involving us, (ii) negotiating or entering into any employment agreements relating to the employment of any person as an employee, consultant or other provider of services to us, (iii) negotiating or entering into any agreement relating to any purchase or lease of personal or real property by us, (iv) negotiating or entering into any agreements relating to the expenditure of any money by us, or (v) representing to any person that it or any of its officers or employees are authorized to enter into any agreement on our behalf or making any commitment involving us. The agreement contains provisions prohibiting Marketeam from disclosing any of our confidential information, engaging in business in competition with us unless expressly authorized in writing by our Board of Directors, and requiring Marketeam to keep our assets segregated and apart and preserving our Web site assets for the purpose of facilitating and enhancing the sale of those assets. Employees of Marketeam are required to agree to similar restrictions on their activities. The agreement provides that we have no liability for any of the debts or obligations of Marketeam, and Marketeam will indemnify us against loss for actions its personnel take in violation of the agreement.

The Bradshaw Agreements. On February 13, 2002, Peter Bradshaw and Julie Bradshaw, both then Directors of our company and Mr. Bradshaw was our Chairman and Chief Executive Officer, entered into agreements to sell, at a price of \$0.25 per share, an aggregate of 1,625,617 of their shares of Common Stock. The sale was completed on February 25, 2002. The purchasers of the shares were five investors none of whom acquired more than five percent of our shares outstanding and none of whom are residents of the United States. The shares sold include all of the shares held by Peter Bradshaw, other than options to purchase 418,545 shares exercisable at prices ranging from \$0.25 to \$1.50 per share. Julie Bradshaw retained 618,519 shares and options to purchase 85,000 shares exercisable at \$1.50 per share.

Change of Majority of the Board of Directors. Concurrently with the sale of the shares, on February 25, 2002, Peter Bradshaw and Julie Bradshaw resigned as Directors, and Peter Bradshaw resigned as our Chairman and Chief Executive Officer. At the same meeting of Directors held on February 25, 2002, Douglas F. Loblaw, John J. Campbell and Brent J. Peters, were elected to our Board of Directors to fill the vacancies created by the resignations of Peter Bradshaw and Julie Bradshaw as Directors on February 25, 2002 and the resignation of Alfred J. Puchala, Jr. as a Director on February 13, 2002.

Our Board of Directors intends to continue the efforts begun in December 2001 to seek to redirect our activities into other areas of business. We believe that these future activities will be

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unrelated to the operation of a Web-based community or Web site. As of March 19, 2002, there are no definitive agreements or agreements in principle relating to

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the acquisition of any other business activities by us and we are unable to state the nature of the business activities that may be undertaken in the future. It is expected that the redirection of our business activities will involve us in a business combination or other material transaction.

As a consequence of the sale of the shares by the Bradshaws and their resignations as Directors, a change of control of our company may be deemed to have occurred.

Possible Transaction Involving Web Site Assets. We continue to own the assets related to the operation and maintenance of our World Wide Web-based directory and online publishing community known as Suite101.com. These assets, which include primarily our property, plant and equipment, as of December 31, 2001, had a book value of \$120,441, after accumulated amortization of \$127,295. During the three years ended December 31, 2001, these assets produced revenues of \$1,925, \$1,620 and \$40,067, respectively. During those three years, we had other income, net, which was primarily interest income, of \$145,626, \$378,448 and \$188,631, respectively.

In response to our invitation of January 8, 2002 seeking persons who may have a strategic interest in our Web site activities, we engaged in negotiations with an unaffiliated privately-owned entity that has expressed an interest in acquiring an option to acquire the Web site assets. As a consequence of those negotiations, on March 15, 2002, i5ive communications inc., our wholly owned subsidiary, entered into an option agreement with Double B Holdings, LLC, a privately-owned non-affiliated entity organized for the purpose of acquiring the option. The option grants Double B the right to purchase the website assets owned and operated by i5ive. The terms of the option agreement provide that Double B, in consideration of a non-refundable payment of \$15,000, has the right to purchase the assets for a period of thirty days and, in consideration of a further non-refundable payment of an additional \$30,000, has the right to purchase the assets for an additional thirty days.

The purchase price for the assets under the option agreement is \$155,000 less the non-refundable payments which are applied to the purchase price, plus a 26% interest in Double B and a 5% common stock interest held by Double B in Blue Frogg Enterprises, Inc., a privately-owned company controlled by the owners of Double B. In the event the option is exercised, i5ive is required to pay at the closing to Double B \$155,000 less a sum equal to the management fees paid to Marketeam from March 1, 2002 through the closing. Double B is assigned and assumes at the closing i5ive's rights and obligations under various vendor and supplier contracts and leases. The option agreement contains representations and warranties of the parties and covenants relating to the fulfillment of the transaction and confidentiality. The closing under the option is subject to the fulfillment of certain closing conditions and the absence of any court, governmental or regulatory authority action prohibiting, restricting or making illegal the

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consummation of the transaction and no such action shall have been commenced or threatened by any person.

i5ive and Double B intend to enter into a separate agreement that will establish a value for i5ive's interest in Double B in the event Double B is acquired by Blue Frogg. The definitive terms of that agreement are to be negotiated; however, the value of Double B is to be based on the higher of four times the EBITDA of Double B or \$350,000, with i5ive entitled to receive 26% of that sum in the event of the acquisition of Double B by Blue Frogg. Although the definitive terms of the agreement have not been negotiated or agreed to, EBITDA

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is generally understood to be an entity's earnings before deducting interest, taxes, depreciation and amortization expenses.

INFRASTRUCTURE AND OPERATIONS

In the operation of our Web site, we have developed a web application framework that is built on Allaire's Cold Fusion Application Server 4.5.1 for MS Windows NT and 2000 and MS SQL Server 7.0 and 2000. The web site traffic is load balanced on multiple Windows NT and Windows 2000 servers running Microsoft Internet Information Server 4.0 and 5.0 using F5 BigIP 3.0 load balancing hardware/software technology. Data is backed up daily onto a Quantum 110/220 GB SDLT internal tape drive. Web site internal network runs on router/switch technology from Cisco. Web site security is implemented using FreeBSD Fire Wall technologies. In an event that a web server was to become non-operational, all website traffic will failover to other web server nodes and a system alert is sent to technical operations staff via email and pager. Affected web server(s) are designed to restart automatically after a pre-determined length of time. Suite101.com's production environment has been designed to allow upwards scalability. In the event of substantial increase in user traffic to the site, additional web/database servers could be added to the current system architecture in order to increase load capacity. Currently, system resource utilization is approximately 40%.

Member-generated content is stored on multiple Microsoft SQL Server 7.0 and 2000 databases. During 2001, we upgraded our hardware/software for database servers to an IBM eServer xSeries 350 running MS Windows 2000 Advanced Server and MS SQL server 2000. We believe this upgrade resulted in a substantial increase in the storage and processing capacity of the web site database. We believe this upgrade increased our database capacity by a factor of 10.

Our network servers are co-located at Telus Advanced Communications data center in Vancouver, British Columbia. Site connectivity to the Internet is provided via a dedicated 100Mb/s line provided on a 24-hour per day, seven days per week basis by the data center.

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Any interruption in the service received from other tier-1 network access providers, or any failure of the data center to handle higher volumes of Internet users to the Suite101.com site could have a material adverse effect on our business, results of operations and financial condition. We will continue to upgrade and expand our server and networking infrastructure in an effort to improve its fast and reliable access to our web site.

EMPLOYEES

As of December 31, 2001, we had 19 full-time personnel, including 15 in operations and development and four (4) in administration. As described above, during the month of January 2002, we downsized our operating staff and entered into an agreement as of January 31, 2002 with Marketeam to manage and operate our Website. As of March 19, 2002, we have one (1) employee.

COMPETITION

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The market for community based publishing and ecommerce on the Internet is relatively new and rapidly evolving. Competition is expected to increase significantly in the future. Barriers to entry into the Internet business are relatively insubstantial. We believe that the principal competitive factors for companies seeking to create community on the Internet are content, critical mass, functionality, brand recognition, Member affinity and loyalty, broad demographic focus and open access for visitors. Other companies who are primarily focused on online publishing, online directories or community on the Internet are About.com, Fatbrain.com, and Abuzz.com. Some of these competitors are significantly larger than us and more well-established and well-known in the Internet industry and have greater capital resources.

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ITEM 2 - DESCRIPTION OF PROPERTY:

Our executive offices and operations are currently located at 1122 Mainland Street, Suite 210, Vancouver, British Columbia V6B 5L1. Our telephone number is 604-682-1400, and our Internet address is www.suite101.com. Our premises include approximately 2,500 square feet of office space. The premises are subleased from a non-affiliated person for a term expiring on March 31, 2003 and provide for an annual rental of \$36,250, plus our share of certain expenses of the premises.

ITEM 3 - LEGAL PROCEEDINGS:

No material legal proceedings are pending against us.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

No matter was submitted during the fourth quarter of the year ended December 31, 2001 to a vote of securityholders through the solicitation of proxies or otherwise.

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PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS:

Our Common Stock has been quoted on the OTC Bulletin Board since December 30, 1998 under the symbol BOWG. The following table sets forth the high and low bid quotations on the OTC Bulletin Board for our Common Stock for the period January 1, 2000 through March 18, 2002. Prior to December 30, 1998 there was no active market for our Common Stock.

CALENDAR QUARTER	BID	
	HIGH	LOW
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2000: First Quarter	\$11.00	\$2.97
2000: Second Quarter	\$7.38	\$0.94
2000: Third Quarter	\$1.56	\$0.63
2000: Fourth Quarter	\$0.69	\$0.14
2001: First Quarter	\$0.39	\$0.17
2001: Second Quarter	\$0.23	\$0.14
2001: Third Quarter	\$0.44	\$0.12
2001: Fourth Quarter	\$0.21	\$0.08
2002: First Quarter (through March 19, 2002)	\$0.55	\$0.20

The foregoing amounts, represent inter-dealer quotations without adjustment for retail markups, markdowns or commissions and do not represent the prices of actual transactions. On March 19, 2002, the closing bid quotation for the Common Stock, as reported on the OTC Bulletin Board was \$0.48.

As of March 19, 2002, we had approximately 140 shareholders of record.

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DIVIDEND POLICY

We do not intend to pay any dividends on our Common Stock for the foreseeable future. Any determination as to the payment of dividends on our Common Stock in the future will be made by our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects as well as such other factors as our Board of Directors may deem relevant.

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ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION:

GENERAL

The following discussion and analysis of our financial condition or plan of operation should be read in conjunction with, and is qualified in its entirety by, the more detailed information including our Financial Statements and the related Notes appearing elsewhere in this Annual Report. This Annual Report contains forward-looking statements that involve risks and uncertainties.

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Our actual results may differ materially from the results and business plans discussed in the forward-looking statements. Factors that may cause or contribute to such differences include those discussed in "Risk Factors," as well as those discussed elsewhere in this Annual Report.

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2001 AND 2000

During the year ended December 31, 2001, our sales were \$40,067 compared with sales of \$1,620 during 2000. Sales during 2001 were primarily attributable to revenue generated from two service contracts that we entered into with BarnesandNoble.com to provide introductions for a series of e-books and to provide proofreading services for the related digitized e-books. During 2001, \$258 in sales and all our sales in 2000 were primarily attributable to software licensing revenues. These licenses have expired and therefore this source of revenue has ceased.

Operating expenses decreased during the year ended December 31, 2001 to \$1,843,268 from \$2,666,021 during the year ended December 31, 2000. Expenses during 2001 primarily related to general and administrative expenses of i5ive and marketing expenses. The decrease in general and administrative expenses was primarily the result of decrease in consulting fees paid to third parties, a decrease in professional fees paid and a decline in software purchases. The decrease in marketing expenses resulted from the decrease in our marketing activities aimed at increasing Membership and building the Suite101.com brand. The loss from operations for the year ended December 31, 2001 was \$1,823,051 compared with \$2,664,401 during 2000.

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Other income (net) in 2001 was \$181,421 compared with \$378,448 in 2000. The decrease was primarily the result of decreased interest earned on bank cash balances carried throughout 2001 and the write-off in 2001 of the leasehold improvements of our former office premises.

Our net loss in 2001 was \$1,641,630 compared with a net loss of \$2,285,953 in 2000. The decreased net loss was the result of a decrease in our general, administrative and marketing expenditures in 2001 compared to 2000.

YEARS ENDED DECEMBER 31, 2000 AND 1999

During the year ended December 31, 2000, our sales were \$1,620 compared with sales of \$1,925 during 1999. Sales during 2000 and 1999 were primarily attributable to software licensing revenues of our wholly-owned subsidiary, i5ive.

Operating expenses increased during the year ended December 31, 2000 to \$2,666,021 from \$1,687,850 during the year ended December 31, 1999. Expenses during 2000 primarily related to general and administrative expenses of i5ive and marketing expenses. The increase in general and administrative expenses was primarily the result of the increase in the number of personnel and consultants we employ, the increase in the number of Contributing Editors, increased product development and the increased scale of our operations. In 2000 and 1999, we paid each of our Contributing Editors between \$15 and \$25 per month. The increase in

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marketing expenses resulted from the increase in our marketing activities aimed at increasing Membership and building the Suite101.com brand. The loss from operations for the year ended December 31, 2000 was \$2,664,401 compared with \$1,685,925 during 1999.

Other income in 2000 was \$378,448 compared with \$137,496 in 1999. The increase was primarily the result of interest earned on higher cash balances carried throughout 2000.

Our net loss in 2000 was \$2,285,953 compared with a net loss of \$1,548,429 in 1999. The increased net loss was the result of our increase in the number of personnel and consultants we employ, the increase in the number of Contributing Editor, increased product development, the increase in our marketing activities and the increased scale of our operations.

LIQUIDITY AND CAPITAL RESOURCES

The report of our independent auditors on their audit of our financial statements as of December 31, 2001 contains an explanatory paragraph that describes an uncertainty as to our

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ability to continue as a going concern due to our recurring losses. At January 1, 2001, we had cash of \$5,671,211. At December 31, 2001, our cash balance was \$4,048,630. We believe these cash resources will be sufficient to meet our ongoing financial commitments through December 31, 2002. At December 31, 2001, we had no source of material revenues.

In December 2001, we announced that our Board of Directors was engaged in a review of our activities with a view to the possible redirection of our operations in an effort to enhance and maximize shareholder values. Thereafter, in a series of steps, we reduced our staff to one employee and revised our monthly compensation arrangements with our Contributing Editors by terminating the payment of the compensation to Contributing Editors. The changes we made in our staffing and compensation arrangements we believe were appropriate in the light of our limited revenues and enhance our ability to enter into a business combination or other restructuring transaction by reducing current levels of overhead. We believe that these revised compensation arrangements are in line with current practices of other Internet communities.

In place of our staff, on February 14, 2002, effective January 31, 2002, we entered into an agreement with Marketeam, a corporation wholly owned by Douglas Loblaw, our former chief operating officer and, since February 25, 2002, a Director of our company, to provide continuing management and operating services, at Marketeam's expense, for the day-to-day operations of the Suite101 Web site, known as Suite101.com. Subsequently, on February 25, 2002, Mr. Loblaw was elected a Director of our Company. In consideration of the services performed by Marketeam, we pay Marketeam a fee of \$26,000 per month, plus an amount equal to our receipts from our contracts with BarnesandNoble.com.

Our current business plan is to utilize our available cash and other resources, including possibly, shares of our Common Stock, to redirect our activities out of the operation and maintenance of a Web-based community into other areas of business. We believe that these future activities will be unrelated to the operation of an Internet Web site. As of March 19, 2002, there

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are no definitive agreements or agreements in principal relating to the acquisition of any other business activities by us and we are unable to state the nature of the business activities that may be undertaken in the future. It is expected that the redirection of our business activities will involve us in a business combination or other material transaction. Until we complete a transaction resulting in a redirection of our business activities, we expect to continue to incur expenses without any material revenues. In addition, we may incur reductions in the carrying value of our fixed assets in connection with our efforts to redirect our activities.

As a result of our limited operating history and our efforts to redirect our activities, we have limited meaningful historical financial data upon which to base planned operating expenses.

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Accordingly, our anticipated expense levels in the future are based in part on our estimates. We expect that these expense levels will become, to a large extent, fixed. Revenues and operating results generally will depend on our ability to redirect our business activities into revenue-producing operations.

We may seek to raise additional funds in order to fund the acquisition of revenue-producing operations. There can be no assurance that any additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or not available on acceptable terms, we may not be able to fund our efforts to redirect our activities. Any such inability could have a material adverse effect on future success. Additional funds raised through the issuance of equity or convertible debt securities, will result in reducing the percentage ownership of our stockholders and, stockholders may experience additional dilution and such securities may have rights, preferences or privileges senior to those of the rights of our Common Stock.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1996

With the exception of historical matters, the matters discussed in this annual report are "forward-looking statements" as defined under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. Forward-looking statements made herein include, but are not limited to, the statements in this annual report regarding our plans and objectives of management for our future operations, including plans or objectives relating to the redirection of our business activities, our efforts to enter into a transaction relating thereto, and our ability to limit or curtail our current expenses. These statements appear, among other places, under the following captions: "Business of the Company", "Risk Factors", "Dividend Policy", and "Management's Discussion and Analysis of Financial Condition or Plan of Operation". Forward-looking statements made in this annual report include the assumptions made by management as to our future business direction and our ability to redirect our activities. We cannot assure you that our assumptions in this regard or our views as to the viability of our business plans discussed herein will prove to be accurate. Likewise, we cannot assure you that we will be successful in acquiring any commercial activities. Our ability to realize revenues cannot be assured. If our assumptions are incorrect or if our plans fail to materialize, we may be unsuccessful in developing as a viable business enterprise. Under such circumstance your investment will be in jeopardy. Our inability to meet our goals and objectives or the consequences to us from adverse developments in general economic or capital market conditions could have a material adverse effect on us. We caution you that various risk

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factors accompany those forward looking statements and are described, among other places,

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under the caption "Risk Factors" herein, beginning below. They are also described in our Quarterly Reports on Form 10-QSB, and our Current Reports on Form 8-K. These risk factors could cause our operating results, financial condition and ability to fulfill our plans to differ materially from those expressed in any forward-looking statements made in this Annual Report and could adversely affect our financial condition and our ability to pursue our business strategy and plans.

RISK FACTORS

An investment in shares of our Common Stock involves a high degree of risk. You should consider the following factors, in addition to the other information contained in this annual report, in evaluating our business and proposed activities before you purchase any shares of our common stock. You should also see the "Cautionary Statement for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1996" regarding risks and uncertainties relating to us and to forward looking statements in this annual report.

No Material Operations or Revenues. We have no current material operations or source of revenue. We will, in all likelihood, sustain continuing operating expenses maintaining our current activities and seeking to enter into a transaction without corresponding revenues at least until the consummation of a business acquisition. This can be expected to result in us incurring ongoing net operating losses and an outflow of our cash that could continue until we can consummate a business acquisition. There can be no assurance that we can identify a suitable business opportunity and consummate a business acquisition or that any transaction we consummate will be on favorable terms or result in profitable operations. We are unable to predict when any such transaction may be completed.

We May Not Be Successful in Entering Into Agreements In Order to Pursue Our Business Plans. We have no arrangement, agreement or understanding with respect to engaging in a merger with, joint venture with or acquisition of, a private or public entity or any interest in such an entity. No assurances can be given that we will successfully identify and evaluate a suitable business opportunity or that we will conclude a business acquisition. We cannot guarantee that we will be able to negotiate any business transactions on favorable terms or be successful in redirecting our operations.

Possible Future Dilution As A Result Of Business Transaction. Our business plan is based upon effectuating a business acquisition or other transaction. Any such acquisition transaction may result in us issuing securities as part of the transaction. The issuance of previously authorized and un-issued common shares could result in substantial dilution to our existing stockholders

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which could possibly result in a change in control or management of our company. There can be no assurance that an acquisition can be completed.

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Issuance Of Additional Shares. Our Certificate of Incorporation currently authorizes our Board of Directors to issue up to 40,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock, of which, as of March 19, 2002, 13,217,462 shares of Common Stock are issued and outstanding and no shares of Preferred Stock are outstanding. The 26,782,538 shares of Common Stock and 1,000,000 shares of Preferred Stock that are authorized but are not issued or outstanding are able to be issued by action of our Board of Directors in a transaction resulting in the redirection of our activities without any requirement of further action being taken by our stockholders to authorize the issuance of the shares or to approve the transaction or the redirected business activities. Any additional issuances of any of our securities will not require the approval of our stockholders and may have the effect of further diluting the equity interest of stockholders.

Possible Need to Raise Additional Capital. Any transaction we enter into involving the redirection of our activities may require that we raise additional capital which may also involve the issuance of shares of our Common Stock and be dilutive to our existing stockholders.

No Requirement of Stockholder Approval. Any transaction we enter into in redirecting our business activities may be structured on terms whereby the approval of our existing stockholders is not required which would result in our existing stockholders being unable to vote in favor of or against the transaction and the redirection of our business activities.

Any Business We May Possibly Acquire May Never Become Profitable. There can be no assurance that we will enter into an acquisition with or acquire an interest in a business having a significant or successful operating history. Any such business may have a history of losses, limited or no potential for earnings, limited assets, negative net worth or other characteristics that are indicative of development stage companies. There can be no assurance that after any acquisition of a business that the business will be operated so as to develop significant revenues and cash flow and become profitable.

Management May Not Devote a Sufficient Amount of Time to Seeking a Target Business. While seeking a business acquisition, our officers and Directors will devote only a portion of their time to pursuing these activities. As a result, we may expend a considerable period of time identifying and negotiating with an acquisition candidate. This extended period of time may result in continuing losses to us and an outflow of our cash.

Dependence On Part-Time Management. Currently, we have no fulltime employees. Our officers and Directors devote only a portion of their time to our activities. It is our intention to continue to limit our employees until such time as we find a suitable business opportunity or we complete the acquisition of another business. Therefore, the day-to-day operations of any

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company or business that is acquired by us will have to be performed by outside management or management of the acquired company. We cannot assure investors that we will be able to obtain experienced and able outside management to run any company or business that we may acquire.

Continued Control by Existing Management. Our Directors retain significant control over our present and future activities and our stockholders and investors may be unable to meaningfully influence the course of our actions. Our existing management is able to control substantially all matters requiring

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stockholder approval, including nomination and election of directors and approval or rejection of significant corporate transactions. Any transaction we engage in resulting in a redirection of our business activities may be structured so as to not require the approval of our stockholders and, accordingly, our stockholders may have no opportunity to vote on or influence the redirection of our activities. Although management has no intention of engaging in such activities, there is also a risk that the existing management will be viewed as pursuing an agenda which is beneficial to themselves at the expense of other stockholders.

There Is No Assurance Of An Active Public Market For Our Common Stock And The Price Of Our Common Stock May Be Volatile. Given the relatively minimal public float and trading activity in our securities, there is little likelihood of any active and liquid public trading market developing for our shares. If such a market does develop, the price of the shares may be volatile. Since the shares do not qualify to trade on any exchange or on NASDAQ, if they do actually trade, the only available market will continue to be through the OTC Bulletin Board or in the "pink sheets". It is possible that no active public market with significant liquidity will ever develop. Thus, investors run the risk that investors may never be able to sell their shares.

Possible Government Regulation. Although we are subject to the periodic reporting requirements under the Securities Exchange Act of 1934, as amended, and file annual, quarterly and other reports, management believes it will not be subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"), since it will not be engaged in the business of investing or trading in securities. If we engage in a business acquisition which results in us holding passive investment interests in a number of entities, we could become subject to regulation under the Investment Company Act. If so, we would be required to register as an investment company and could be expected to incur significant registration and compliance costs. We have obtained no formal determination from the Securities and Exchange Commission (the "SEC" or "Commission") or any opinion of counsel as to our status under the Investment Company Act. A violation of the Act could subject us to material adverse consequences.

Our Shares Are Subject To Penny Stock Reform Act Of 1990. Our securities are subject to certain rules and regulations promulgated by the Commission pursuant to the U.S. Securities Enforcement Remedies and Penny Stock Reform Act of 1990 (the "Penny Stock Rules"). Such rules and regulations impose strict sales practice requirements on broker-dealers who sell such securities to persons other than established customers and certain "accredited investors." For

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transactions covered by the Penny Stock Rules, a broker-dealer must make a special suitability determination for the purchaser and must have received the purchaser's written consent for the transaction prior to sale. Consequently, such rule may affect the ability of broker-dealers to sell our securities and may affect investors' abilities to sell any shares they acquire.

The Penny Stock Rules generally define a "penny stock" to be any security not listed on an exchange or not authorized for quotation on the Nasdaq Stock Market and has a market price (as defined by the rules) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transactions by broker-dealers involving a penny stock (unless exempt), the rules require delivery, prior to a transaction in a penny stock, of a risk disclosure document relating to the market for penny stocks. Disclosure is also required to be made about compensation payable to both the broker-dealer and the registered representative and current quotations for the

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securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stocks.

Limited Market for Common Stock. There has been a very limited market for our Common Stock and the market price of our shares has been subject to material fluctuation. Accordingly, although quotations for shares of our Common Stock have been, and continue to be, published on the OTC Bulletin Board and the "pink sheets" published by the National Quotation Bureau, Inc., these quotations, in the light of our operating history, continuing losses and financial condition, are not necessarily indicative of our value. Such quotations are inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

Control by Directors, Executive Officers, and Principal Stockholders. As of March 19, 2002, our Directors, executive officers, and stockholders who own beneficially 5% or more of our Common Stock, and their respective affiliates, in the aggregate, beneficially owned (including shares that the he or she has the right to acquire the beneficial ownership within 60 days following March 19, 2002) approximately 3,541,688 shares or 25.34% of our outstanding Common Stock. As a result, these stockholders possess significant influence over us, giving them the ability, among other things, to elect a majority of our Board of Directors and approve significant corporate transactions. Such share ownership and control may also have the effect of delaying or preventing a change in control of us, impeding a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of us which could have a material adverse effect on the market price of our Common Stock.

No Active Prior Public Market For Common Stock; Possible Volatility Of Stock Price. Since December 30, 1998, our Common Stock has been quoted on the OTC Bulletin Board. There can be no assurance that an active trading market for our Common Stock will be sustained or that the market price of our Common Stock will not decline based upon market or other

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conditions. The market price may bear no relationship to our revenues, earnings, assets or potential and may not be indicative of our future business performance. The trading price of our Common Stock has been and can be expected to be subject to wide fluctuations in response to variations in our quarterly results of operations, delays and obstacles we encounter in redirecting our business activities, the gain or loss of significant strategic relationships, unanticipated delays in our development, other matters discussed elsewhere in this annual report and other events or factors, many of which are beyond our control.

In addition, the stock market in general has experienced extreme price and volume fluctuations which have affected the market price for many companies which have been unrelated to the operating performance of these companies. These market fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of our Common Stock.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such companies. Such litigation, if instituted, and irrespective of the outcome of such litigation, could result in substantial costs and a diversion of management's attention and resources and have a material adverse effect on our business, results of operations and financial condition.

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ITEM 7 - FINANCIAL STATEMENTS:

The response to this Item is included in a separate section of this report. See page F-1.

ITEM 8 - CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE:

During the two fiscal years ended December 31, 2001, we have not filed any Current Report on Form 8-K reporting any change in accountants in which there was a reported disagreement on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

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PART III

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;
COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT:

Our Directors and Executive Officers and their ages are as follows:

NAME	AGE	EMPLOYMENT HISTORY
Mitchell G. Blumberg	58	Mr. Blumberg was elected a Director of our company in February 1999. He was elected President and CEO of our company in February 2002. Mr. Blumberg has held various senior level management positions in the entertainment industry business in Los Angeles, CA. Since June 1994, Mr. Blumberg has been engaged as a film producer and talent manager in Los Angeles, California initially with Blumberg Productions, then with Blumberg Productions and Management, and currently as President of Ardent Entertainment, a film and television talent management firm. Prior to June 1994, Mr. Blumberg was Executive Vice President of RKO Pictures, Inc. and was the head of business and legal affairs for the company. Mr. Blumberg was also a Director of eDispatch.com prior to its merger with AirIQ in September 2001. Since the merger of eDispatch.com with AirIQ, Mr. Blumberg continues to serve as Director of AirIQ, a publicly traded company in Toronto, Ontario, Canada. He also holds the position of Managing Director of AirIQ. A native of Philadelphia, Mr. Blumberg is a graduate of the University of Pennsylvania, the University of Pennsylvania and Harvard Business School. Mr. Blumberg received his Bachelor's degree from Harvard with High Honors where he was a Baker Scholar (top 5% of class). Mr. Blumberg currently has offices in Beverly Hills, CA.

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Cara Williams

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Ms. Williams was employed as Vice President, principal accounting officer of our company from 2000 to February 2002. She is a Chartered Accountant. She was employed by

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NAME	AGE	EMPLOYMENT HISTORY
Douglas F. Loblaw	61	<p>PricewaterhouseCoopers LLP from October 1997 and by Ellis Foster, Chartered Accountants, from September 1997 to September 1997. She received a BBA degree in accounting from Simon Fraser University in 1997.</p> <p>Mr. Loblaw was employed as Chief Operating Officer of our company from January 2001 to January 2002 and from December 2000, he was employed as our Director of Operations. He was elected a Director of our company in February 2002. He has been employed by Capila as an instructor since 1976. Commencing January 2002, to the present, he has been employed as a tutor at Open College. Since January 1994 Creative Marketing Canada Ltd has engaged him as a marketing consultant. He received a BA degree from the University of Toronto major in French Language and Literature.</p>
John K. Campbell	69	<p>Mr. Campbell has been President of Transamerica Ltd., a natural resource company, for more than five years. He is a former practicing lawyer and is presently a retired member of the British Columbia Bar Society. He was elected a Director of our company in February 2002.</p>
Brent J. Peters	29	<p>Mr. Peters has been Vice President of Finance and Treasurer of Northfield Capital Corporation, a private traded investment company acquiring shares in private corporations since 1997. He was elected a Director of our company in February 2002. He was a director of Cubacan Exploration Inc., Konexus Limited (formerly Dotcom 2000 Inc.), and Endeavour Resources Inc. Mr. Peters has a Bachelor of Business Administration degree, specializing in accounting.</p>

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Each of Mr. Blumberg, Mr. Loblaw, Mr. Campbell and Mr. Peters will serve as Directors until our annual meeting of stockholders in 2002 and the election and qualification of his successor.

DIRECTOR AND OFFICER SECURITIES REPORTS

The Federal securities laws require our Directors and executive officers, and persons who own more than ten percent (10%) of a registered class of our equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of any of our equity securities. Copies of such reports are required to be furnished to us. To our knowledge, based solely on a review of the copies of such reports and other information furnished to us, all persons subject to these reporting requirements filed the required reports on a timely basis with respect to the year ended December 31, 2001.

ITEM 10 - EXECUTIVE COMPENSATION:

The following table sets forth the annual and long-term compensation paid during the Company's three fiscal years ended December 31, 2001 to the Company's chief executive officer and the Company's other most highly compensated executive officers who received compensation exceeding \$100,000 and who served in such capacities at December 31, 2001:

SUMMARY COMPENSATION TABLE
ANNUAL COMPENSATION

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL SALARY	BONUS	OTHER ANNUAL COMP.	LONG-T AWARDS/ OP (#)
Peter L. Bradshaw(1)	1999	\$ 57,000 (2)	\$700	Nil	120,000
	2000	\$113,000 (3)	\$700	Nil	150,000
	2001	\$114,000 (4)	Nil	Nil	148,545

(1) Mr. Bradshaw resigned as Chairman, Chief Executive Officer and a Director on February 25, 2002.

(2) In lieu of \$16,150 salary, Mr. Bradshaw was granted options to purchase 40,000 shares exercisable at \$1.50 per share.

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(3) In lieu of \$16,150 salary, Mr. Bradshaw was granted options to purchase 40,000 shares exercisable at \$1.50 per share.

(4) In lieu of \$32,000 salary, Mr. Bradshaw was granted options to purchase

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254,545 shares exercisable at \$0.25 per share.

OPTION GRANTS IN YEAR ENDED DECEMBER 31, 2001.

The following table provides information with respect to the above named executive officers regarding options granted to such persons during the Company's year ended December 31, 2000.

NAME	NUMBER OF SECURITIES UNDERLYING SARS/ OPTIONS GRANTED (#)	% OF TOTAL OPTIONS/ SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SHARE)	EXPIRATION
Peter L. Bradshaw	148,545 (1)	46.4%	\$0.25	December 31,

(1) Of which, options to purchase 74,273 shares became exercisable on January 4, 2001 and options to purchase the remaining 74,272 shares became exercisable on January 4, 2002.

STOCK OPTION HOLDINGS AT DECEMBER 31, 2001.

The following table provides information with respect to the above named executive officers regarding Company options held at the end of the Company's year ended December 31, 2000 (such officers did not exercise any options during the most recent fiscal year).

NAME	NUMBER OF UNEXERCISED OPTIONS AT DECEMBER 31, 2000 (1)		VALUE OF U IN-THE-MON AT DECEMBER
NAME	EXERCISABLE	UNEXERCISABLE (3)	EXERCISABLE
Peter L. Bradshaw	344,273	74,272	Nil

(1) The options are exercisable at prices ranging from \$0.25 to \$1.50 per share.

(2) Based on the closing sales price on December 31, 2001 of \$0.21.

(3) These options became exercisable on January 4, 2002.

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Our Directors do not receive any cash compensation for serving in that capacity; however, they are reimbursed for their out-of-pocket expenses in attending meetings. Pursuant to the terms of our 1998 Stock Incentive Plan, each non-employee Director automatically receives an option grant for 50,000 shares on the date such person joins the Board. Accordingly, effective February 25, 2002, each of Messrs. Loblaw, Campbell and Peters was granted options to purchase 50,000 shares exercisable at \$0.27 per share. In addition, on the date of each annual stockholder meeting, each non-employee Board member who is to continue to serve as a non-employee Board member will automatically be granted an option to purchase 5,000 shares. Each such option has a term of five years, subject to earlier termination following such person's cessation of Board service, and is subject to certain vesting provisions.

Mr. Blumberg is currently receiving compensation of \$2,000 per month for his services.

Pursuant to a service contract with Mr. Blumberg, we paid Mr. Blumberg \$30,000 during 2000. This contract ended in June 2000 and was not renewed. No payments were made to Mr. Blumberg pursuant to the service contract in 2001.

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ITEM 11 -- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT:

Set forth below is information concerning the Common Stock ownership of all persons known by us to own beneficially 5% or more of our Common Stock, and the Common Stock ownership of each of our Directors and all Directors and officers as a group, as of March 19, 2002. As of March 19, 2002, we had 13,217,462 shares of Common Stock outstanding.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned(2)	Percentage of Outstanding Common Stock
Mitchell Blumberg 1439 Claridge Drive Beverly Hills, CA 90210	280,000 (3)	2.09%
Douglas Loblaw 6111 LeClair Street Abbotsford, BC V4X 2C9	198,966 (4)	1.48%
John Campbell 750 West Pender Street - Suite 710 Vancouver, BC V6C 2T7	50,000 (5)	0.38%
Brent Peters c/o Northfield Capital Corporation 347 Bay Street - Suite 301 Toronto, Ontario M5H 2R7	57,000 (6)	0.43%
Julie M. Bradshaw TO 352 Kamari Santorini, Greece	703,519 (7)	5.29%
Northfield Capital Corporation (8)	2,019,136	15.28%

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347 Bay Street, Suite 301
Toronto, Ontario, Canada M5H 2R7

All officers and directors as a group (5 persons)	819,033	5.90%
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-
- (1) Unless otherwise indicated, the address of such person is c/o the Company.
 - (2) For purposes of the above table, a person is considered to "beneficially own" any shares with respect to which he or she exercises sole or shared voting or investment power or of which he or she has the right to acquire the beneficial ownership within 60 days following March 19, 2002.
 - (3) Includes 125,000 shares of Common Stock and options to purchase 155,000 shares of Common Stock.

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- (4) Includes 600 shares of Common Stock and options to purchase 198,366 shares of Common Stock.
- (5) The 50,000 shares are issuable on exercise of a stock option.
- (6) Includes 7,000 shares of Common Stock and options to purchase 50,000 shares of Common Stock.
- (7) Includes 618,519 shares of Common Stock and options to purchase 85,000 shares of Common Stock.
- (8) Mr. Peters, an employee of Northfield Capital Corp., disclaims a beneficial interest in the shares held by Northfield Capital Corp.

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ITEM 12 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS:

On February 14, 2002, effective January 31, 2002, we entered into a Management and Operating Services Agreement with Marketeam, a corporation owned by Douglas Loblaw, our former Chief Operating Officer and currently a Director of our company. The execution of the agreement was unanimously approved by our Board of Directors at a meeting held on February 14, 2002. Mr. Loblaw was elected a Director of our company on February 25, 2002. The management agreement with Marketeam is for an initial one-month period commencing January 31, 2002 and continues from month to month thereafter until terminated by either party on ten (10) days' notice. In consideration of the services to be performed by Marketeam, we pay Marketeam a fee of \$26,000 per month, plus an amount equal to the Company's receipts from our contracts with BarnesandNoble.com. Marketeam is to provide continuing management and operating services, at its expense, over the day-to-day operations of the Suite101 Web site. It is responsible to our Board of Directors for all phases of the day-to-day management and operations of the Suite101.com Web site, including accounting and bookkeeping, making payments at its expense to Senior and Managing Editors, providing administration, oversight and fulfillment of our duties and responsibilities under our

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agreements with BarnesandNoble.com, providing Internet access to the Web site, hosting email, property maintenance, providing postage, implementing software upgrades, and arranging intellectual property licensing, among other matters. Marketeam is responsible for the implementation, management and operation of such aspects of any programs relating to the planning, operation, management and control of the Suite101.com Web site as are necessary to the continuing uninterrupted operation of the Suite101.com Web site. The agreement prohibits Marketeam from (i) negotiating or entering into any agreements regarding the issuance of any capital stock, the sale of any of our assets or any transaction involving any merger, consolidation or business combination involving us, (ii) negotiating or entering into any employment agreements relating to the employment of any person as an employee, consultant or other provider of services to us, (iii) negotiating or entering into any agreement relating to any purchase or lease of personal or real property by us, (iv) negotiating or entering into any agreements relating to the expenditure of any money by us, or (v) representing to any person that it or any of its officers or employees are authorized to enter into any agreement on our behalf or make any commitment involving us. The agreement contains provisions prohibiting Marketeam from disclosing any of our confidential information, engaging in business in competition with us unless expressly authorized in writing by our Board of Directors, and requiring Marketeam to keep segregated and apart our assets and preserve our Web site assets for the purpose of facilitating and enhancing the sale of those assets. Employees of Marketeam are required to agree to similar restrictions on their activities. The agreement provides that we have no liability for any of the debts or obligations of Marketeam, and Marketeam will indemnify us against loss for actions its personnel take in violation of the agreement.

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PART IV

ITEM 13 -- EXHIBITS AND REPORTS ON FORM 8-K:

(a) EXHIBITS:

EXHIBIT	DESCRIPTION
3.1	Certificate of Incorporation of the Registrant, as amended.(1)
3.2	Bylaws of the Registrant, as amended.(1)
3.3	Certificate of Amendment filed with the State of Delaware on November 25, 1998.(3)
3.4	Certificate of Amendment filed with the State of Delaware on December 4, 1998.(3)
4.1	Specimen stock certificate of the Registrant.(1)
10.1	Restated 1993 Stock Incentive Plan.(1)
10.2	1994 Directors Stock Option Plan.(1)
10.3	1994 Stock Option Plan.(1)
10.4	1993 Stock Incentive Plan.(1)
10.5	Form of Indemnification Agreement between the Registrant and its officers and directors.(1)

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- 10.6 Stock Purchase and Option Agreement dated July 17, 1995 between the Registrant and Ballard Medical Products, including all exhibits thereto.(2)
- 10.7 Amendment dated November 18, 1998 to Purchase Agreement among Registrant and Northfield Capital Corporation, 284085 B.C. Ltd. and i5ive communications inc.(3)
- 10.8 Amendment dated December 1, 1998 to Purchase Agreement among Registrant and Northfield Capital Corporation, 284085 B.C. Ltd. and i5ive communications inc.(3)
- 10.9 Amendment dated December 3, 1998 to Purchase Agreement among Registrant and Northfield Capital Corporation, 284085 B.C. Ltd. and i5ive communications inc.(3)
- 10.10 1998 Stock Incentive Plan.(3)
- 10.11 Management and Operating Services Agreement dated February 14, 2002 with Creative Marketeam Canada, Ltd.(4)
- 10.12 Option Agreement dated March 15, 2002 with Double B Holdings, LLC.(5)
- 21.0 Subsidiaries of the Registrant.

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EXHIBIT	DESCRIPTION				
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 40%;">Name</th> <th style="text-align: left; width: 60%;">State or Jurisdiction of Incorporation</th> </tr> </thead> <tbody> <tr> <td style="border-top: 1px dashed black; border-bottom: 1px dashed black;">i5ive communications inc.</td> <td style="border-top: 1px dashed black; border-bottom: 1px dashed black;">British Columbia, Canada</td> </tr> </tbody> </table>	Name	State or Jurisdiction of Incorporation	i5ive communications inc.	British Columbia, Canada
Name	State or Jurisdiction of Incorporation				
i5ive communications inc.	British Columbia, Canada				
23	Consent of experts and counsel:				
23.1	Consent of N.I. Cameron, Inc.				
(1)	Filed as an Exhibit to Neuro Navigational Corporation Form 10-KSB No. 0-25136 dated September 30, 1994.				
(2)	Filed as Exhibit to Neuro Navigational Corporation Form 8-K dated July 17, 1995.				
(3)	Filed as an Exhibit to our Current Report on Form 8-K dated December 10, 1998.				
(4)	Filed as an Exhibit to our Current Report on Form 8-K dated February 14, 2002.				
(5)	Filed as an Exhibit to our Current Report on Form 8-K dated March 15, 2002.				
(b)	REPORTS ON FORM 8-K				

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During the quarter ended December 31, 2001, we did not file any Current Reports on Form 8-K.

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SUITE101.COM, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2001 AND DECEMBER 31, 2000

INDEPENDENT AUDITORS' REPORT	F-2
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Consolidated Statements of Changes in Stockholders' Equity	F-5
Consolidated Statement of Cash Flows	F-6
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Suite101.com, Inc.

We have audited the accompanying consolidated balance sheets of Suite101.com, Inc. as of December 31, 2001 and December 31, 2000 and the related consolidated statements of operations, stockholders' equity and cash flows for the two years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and December 31, 2000, and the results of their operations and their cash flows for the two years then ended, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming

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that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has experienced accumulated losses and has had no material revenue producing operations to date. The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital or to merge with a revenue producing venture partner. These matters raise doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

VANCOUVER, B.C.
February 7, 2002

/s/ N.I. Cameron Inc.
CHARTERED ACCOUNTANTS

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SUITE101.COM, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

	2001	2000
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,048,630	\$ 5,671,211
Accounts receivable	42,289	34,458
Prepaid expenses	68,453	50,306
	-----	-----
	4,159,372	5,755,975
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2)		
Computer equipment	217,394	200,540
Furniture and fixtures	22,352	17,677
Leasehold improvements	7,990	11,401
	-----	-----
	247,736	229,618
Less: accumulated amortization	127,295	95,796
	-----	-----
	120,441	133,822
	-----	-----
TOTAL ASSETS	\$4,279,813	\$ 5,889,797
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 223,531	\$ 220,874
	-----	-----
TOTAL LIABILITIES	223,531	220,874
	-----	-----
CAPITAL STOCK (Notes 4, 5 and 8)		
Authorized:		
40,000,000 common shares with a par value of \$0.001 each		
1,000,000 preferred shares with a par value of \$0.01 each		
Issued:		
13,155,046 common shares	13,155	13,155
DEFERRED COMPENSATION	(14,034)	(41,775)
ADDITIONAL PAID-IN CAPITAL	10,377,576	10,351,146

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DEFICIT	(6,233,343)	(4,591,713)
EQUITY ADJUSTMENT FROM FOREIGN CURRENCY TRANSLATION	(87,072)	(61,890)
TOTAL STOCKHOLDERS' EQUITY	4,056,282	5,668,923
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,279,813	\$ 5,889,797
COMMITMENTS AND SUBSEQUENT EVENTS (NOTE 8)		

The accompanying notes are an integral part of these consolidated financial statements.

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SUITE101.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

	2001	2000
	-----	-----
SALES	\$ 40,067	\$ 1,620
COST OF SALES	19,850	--
GROSS PROFIT	20,217	1,620
OPERATING EXPENSES		
General and administrative	1,603,470	2,148,139
Marketing	239,798	517,882
	1,843,268	2,666,021
LOSS FROM OPERATIONS	(1,823,051)	(2,664,401)
OTHER INCOME (EXPENSES)		
Other income, net	188,631	378,448
Loss on disposal of leasehold improvements	(7,210)	--
	181,421	378,448
NET LOSS	\$ (1,641,630)	\$ (2,285,953)
INCOME (LOSS) PER SHARE		
Basic and Diluted	\$ (0.12)	\$ (0.18)
Average common shares outstanding	13,155,046	12,994,200

The accompanying notes are an integral part of these consolidated financial statements.

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SUITE101.COM, INC.
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

	Common Shares	Stock Amount	Additional Paid-in Capital	Deferred Compensation	Equity Adjustmen From Foreign Currency Translati
	-----	-----	-----	-----	-----
Balances, January 1, 2000	12,061,837	\$12,062	\$ 5,354,504	\$ (99,792)	\$ 9,35
Warrants exercised	1,050,000	1,050	4,651,950	--	--
Stock options exercised	43,209	43	64,770	--	--
Stock options or warrants issued to non-employees	--	--	279,922	(279,922)	--
Stock compensation vested	--	--	--	337,939	--
Net Loss for the year ended December 31, 2000	--	--	--	--	--
Translation adjustment for the year ended December 31, 2000	--	--	--	--	(71,24
Balances, December 31, 2000	13,155,046	13,155	10,351,146	(41,775)	(61,89
Stock options issued to non-employees	--	--	26,430	(26,430)	--
Stock compensation vested	--	--	--	54,171	--
Net loss for the year ended December 31, 2001	--	--	--	--	--
Translation adjustment for the year ended December 31, 2001	--	--	--	--	(25,18
	13,155,046	\$13,155	\$10,377,576	\$ (14,034)	\$ (87,07

The accompanying notes are an integral part of these consolidated financial statements.

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SUITE101.COM, INC.
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

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(EXPRESSED IN U.S. DOLLARS)

	2001
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Net loss	\$(1,641,63
Adjustment to reconcile net loss to net cash used in operating activities	
Loss on disposition of leasehold improvements	7,21
Amortization	42,00
Stock-based compensation	54,17
	(1,538,24
Changes in operating assets and liabilities	
Accounts receivable	(9,55
Prepaid expenses and deposits	(19,77
Accounts payable and accrued expenses	15,13
	(1,552,44
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of capital assets	(43,66
	(43,66
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	
Proceeds from issuance of common stock and warrants	-
	-
Net cash provided by financing activities	-
EFFECT OF EXCHANGE RATES ON CASH	(26,47
NET INCREASE (DECREASE) IN CASH	(1,622,58
CASH AT BEGINNING OF YEAR	5,671,21
CASH AT END OF YEAR	\$ 4,048,63

The accompanying notes are an integral part of these consolidated financial statements.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

1. THE COMPANY

Suite101.com Inc. (formerly known as Kinetic Ventures Ltd. (the

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"Company")) was incorporated in the State of California, United States on May 20, 1991, and reincorporated in the State of Delaware, United States on December 31, 1993. By way of a reverse takeover on December 8, 1998 (see Note 2) the Company acquired a wholly-owned subsidiary i5ive communications inc. ("i5ive"). i5ive is engaged in the creation, operation and maintenance of a World Wide Web based community.

Going Concern

The accompanying consolidated financial statements have been presented assuming the Company will continue as a going concern. Based on the current level of expenditures, the Company has sufficient funds to meet expenses for at least one year. At December 31, 2001, the Company had accumulated \$6,233,343 in losses and had no material revenue producing operations. At the date of this report, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital or merge with a revenue producing venture partner. These matters raise doubt about the Company's ability to continue as a going concern. No adjustments have been made in the accompanying consolidated financial statements to provide for this uncertainty.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Endovascular, Inc., a California corporation and i5ive communications inc., a Canadian company. All intercompany accounts and transactions have been eliminated in consolidation. As at December 31, 2001, there were no operations in Endovascular, Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment by management.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Property, Plant and Equipment

Property, plant and equipment are capitalized at original cost and amortized over their estimated useful lives at the following annual bases and rates:

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

One-half the normal amortization is taken in the year of acquisition.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Research and Development

Research and development costs are expensed as incurred.

(c) Foreign Exchange

Unless otherwise stated, all amounts are in United States dollars. The functional currency of i5ive is the Canadian dollar. Hence, all asset and liability accounts have been translated using the exchange rate as at December 31, 2001 and December 31, 2000 and all revenues and expenses have been translated using the average exchange rate for each period. The rates used were as follows:

(equivalent CDN \$ per U.S.\$)	2001	2000
	-----	-----
December 31 rate	.6278	.6668

(d) Net Loss Per Common Share

The Company computes its loss per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" ("EPS") issued in February, 1997. SFAS No. 128 requires dual presentation of basic EPS and diluted EPS on the face of the income statement for entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities.

3. RELATED PARTY TRANSACTIONS

(a) The Company has incurred salaries and consulting fees of \$147,174 (2000 - \$215,855) to three directors of the Company. These items have been recorded at the exchange amount.

(b) Accounts payable include \$146,158 (2000 - \$118,632) due to a director for wages and expenses.

4. CAPITAL STOCK

(a) In April 1999, the Company completed a private placement of 1,000,000 units for \$5,000,000. Each unit was comprised of two common shares and one warrant entitling the holder to purchase an additional common share for \$4.50 on or before February 29, 2000. The Company incurred \$163,750 in expenses concerning this share

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issuance and issued 15,000 warrants entitling the holder to purchase an additional common share for \$5.50 on or before February 29, 2002.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

4. CAPITAL STOCK (CONTINUED)

During the year ended December 31, 2000, all 1,000,000 warrants were exercised to net the Company \$4,500,000.

- (b) During the year ended December 31, 2000, the Company issued 34,396 common shares for total proceeds of \$51,594 upon exercise of stock options.
- (c) During the year ended December 31, 2000, the Company issued 625,000 warrants as part of the private placement of Notes payable. Each warrant entitles the holder to purchase one common share at a price of \$5.00 up to July 15, 2002. In the event that at any time prior to July 15, 2002 (a) the shares of common stock issuable on exercise of the warrants have been registered under the Securities Act of 1933, as amended (the "Securities Act"), and (b) the average of the closing bid and asked prices for the Company's common stock as quoted on the OTC Bulletin Board (or such other automated trading system or national securities exchange as is the principal market for the Company's common stock) exceeds (U.S.) \$9.00 per share for a period of ten (10) business days, then the warrants will expire at 5:00 PM, New York City time, on a date sixty (60) days thereafter.

5. STOCK OPTIONS

THE COMPANY'S 1998 STOCK INCENTIVE PLAN

In December 1998, the Company adopted the 1998 Stock Incentive Plan (the "Plan"). Under the Plan, as amended, 3,900,000 shares of common stock have been reserved for issuance on exercise of options granted under the Plan.

On the date of the closing of the transaction with i5ive, outstanding options granted under i5ive's 1998 Stock Incentive Plan were assumed by the Company under the Plan and no further option grants will be made under i5ive's Plan. The assumed options have substantially the same terms, subject to anti-dilution adjustment, as are in effect for grants made under the Company's Plan.

The Board of Directors of the Company may amend or modify the Plan at any time, subject to any required stockholder approval. The Plan will terminate on the earliest of (i) 10 years after the Plan Effective Date, (ii) the date on which all shares available for issuance under the Plan have been issued as fully-vested shares or (iii) the termination of all outstanding options in connection with certain changes in control or ownership of the Company.

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SUITE101.COM, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

5. STOCK OPTIONS (CONTINUED)

THE COMPANY'S 1998 STOCK INCENTIVE PLAN (CONTINUED)

The following is a table of stock options under the Plan as at December 31, 2001:

Option Exercise Price	Expiry Date (mm/dd/yy)	Vesting Date (mm/dd/yy)	Balance December 31, 2000	Granted During the Period	Exercised (E) Cancelled (C)	Deco
\$1.50	12/04/03	12/04/99	184,649	--	25,612 (C)	
1.50	12/04/03	12/04/00	36,114	--	8,277 (C)	
1.50	02/23/09	(1/3) 02/23/00	50,000	--	--	
		(1/3) 02/23/01				
		(1/3) 02/23/02				
1.50	04/27/09	(1/3) 04/27/00	50,000	--	--	
		(1/3) 04/27/01				
		(1/3) 04/27/02				
1.50	06/11/09	06/11/00	10,000	--	--	
1.50	10/25/05	(1/2) 10/25/00	100,000	--	--	
		(1/2) 10/25/01				
1.50	11/13/04	11/13/99	137,900	--	--	
1.50	11/13/04	11/13/00	720,000	--	73,700 (C)	
3.53	01/31/02	(1/2) 01/31/00	4,000	--	--	
		(1/2) 01/31/01				
1.50	03/21/05	03/21/01	20,000	--	--	
1.50	01/31/05	16,668 - 01/31/01	70,000	--	20,000 (C)	
		16,666 - 01/31/02				
		16,666 - 01/31/03				
1.50	04/17/05	20,402 - 04/17/00	110,805	--	50,738 (C)	
		30,137 - 04/17/01				
		30,133 - 04/17/02				
		30,133 - 04/17/03				
1.50	07/05/05	3,222 - 07/05/00	56,443	--	--	
		17,740 - 07/05/01				
		17,740 - 07/05/02				
		17,741 - 07/05/03				
0.25	12/21/05	585,476 - 12/21/00	1,012,578	--	13,342 (C)	
		420,677 - 12/21/01				
1.50	06/12/10	06/12/00	10,000	--	--	
0.25	01/04/06	136,073 - 01/04/01	--	569,505	85,095 (C)	
		376,507 - 01/04/02				
		50,000 - 01/04/03				

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0.25	05/10/06	05/10/01	--	5,939	1,671 (C)
0.25	06/04/11	06/04/01	--	10,000	--
0.25	10/03/06	2,516 - 10/30/01	--	15,516	--
		3,000 - 01/04/02			
		10,000 - 01/04/03			

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SUITE101.COM, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

5. STOCK OPTIONS (CONTINUED)

THE COMPANY'S 1998 STOCK INCENTIVE PLAN (CONTINUED)

Of the above options, the following options were originally granted with exercise prices as follows:

New Option Exercise Price	Expiry Date	Original Exercise Price
1.50	02/23/09	3.34
1.50	04/27/09	6.38
1.50	06/11/09	4.13
1.50	01/31/05	3.53
1.50	03/21/05	7.88
1.50	06/12/10	2.375

The above options are granted for services provided to the Company. Of the above options, the following options are to non-employees and have been reflected on the financial statements and valued, using the Black-Scholes model with a risk-free rate of 5% and no expected dividends:

Number of Options	Exercise Price	Grant Date	Value	Volatility Assumption	Expected Options Life
100,000	1.50	October 25, 1999	\$ 99,750	272%	5 years
50,000	3.56	January 6, 2000	99,635	60%	5 years
4,000	3.53	January 31, 2000	5,120	60%	2 years
100,000	7.00	February 15, 2000	203,970	20%	5 years
20,000	7.88	March 21, 2000	45,922	20%	5 years
100,000	0.25	January 4, 2001	23,390	275%	5 years
13,000	0.25	October 3, 2001	3,041	275%	5 years

The remaining options issued were to officers, directors and employees. As the options were granted at exercise prices based on the market price of the Company's shares at the dates of the grant, no

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compensation cost is recognized. However, under SFAS 123, the impact on net income and net income per share of the fair value of stock options must be measured and disclosed on a fair value based method on a pro forma basis. The fair value of the employees' purchase rights under SFAS 123 was estimated using the Black-Scholes model with the following assumptions used for options: risk-free rate was 5.0%, expected volatility of 279%, 272%, 263% and 257% for the \$1.50 options, and 275% for the \$0.25 options, an expected option life of 5 years and no expected dividends.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

5. STOCK OPTIONS (CONTINUED)

THE COMPANY'S 1998 STOCK INCENTIVE PLAN (CONTINUED)

If compensation expense had been determined pursuant to SFAS 123, the Company's net loss and net loss per share for the year ended December 31, 2001 would have been as follows:

Net loss		
As reported		\$ (1,641,630)
Pro forma		\$ (1,926,395)
Basic net loss per share		
As reported		\$ (0.12)
Pro forma		\$ (0.15)

Subsequent to December 31, 2001, 52,416 options were exercised to net the Company \$13,104.

6. INCOME TAXES

At December 31, 2001, there were deferred income tax assets resulting primarily from operating loss carryforwards for Canadian tax purposes totaling approximately \$1,840,000 less a valuation allowance of \$1,840,000. The valuation allowance on deferred tax assets increased by \$290,000 during the year ended December 31, 2001.

At December 31, 2001, the Company had net operating loss carryforwards for Canadian tax purposes of approximately \$4,606,000. These carryforwards begin to expire in 2003.

At December 31, 2001, there were deferred income tax assets resulting from operating loss carryforwards for U.S. income tax purposes totaling approximately \$565,000 less a valuation allowance of \$565,000. The valuation allowance on deferred tax assets increased by \$85,000 during the year ended December 31, 2001. The Company has approximately \$1,320,000 available in operating loss carryforwards, which may be

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carried forward and applied against U.S. operating income.

7. FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

8. COMMITMENTS AND SUBSEQUENT EVENTS

- (a) On March 23, 1999, the Company entered into a twelve-month agreement with a consultant, which provided for fees of \$5,000 per month. In addition, the consultant was issued a one-year warrant to purchase 50,000 shares of common stock at a price of \$3.06 per share. This warrant has been valued at \$33,420 using the Black-Scholes model as described earlier and is reflected as compensation on these financial statements. During the year ended December 31, 2000, this warrant was exercised to net the Company \$153,000. Subsequent to December 31, 1999, this agreement was amended to increase the fees to \$20,900 for the six-month period beginning August 23, 1999, extend the period of services by six months, and to issue a warrant to purchase 25,440 shares of common stock of the Company at a price of \$5.50 per share expiring February 28, 2002. This warrant has been valued at \$11,750 using the Black-Scholes model and is reflected as compensation on these financial statements.
- (b) During the year ended December 31, 2000, the Company entered into a one-year agreement with a consultant. The consultant was issued a warrant to purchase 14,000 shares of common stock of the Company at a price of \$5.50 per share, expiring on February 26, 2002. This warrant has been valued at \$9,562 using the Black-Scholes model as described earlier and is reflected as compensation on these financial statements.
- (c) The Company has entered into an agreement dated February 17, 2000 for consulting and corporate finance services which provides for the issue of 2-year warrants at the following milestones:

Upon execution of consulting agreement	-25,000 (issued)
On signed letter of intent with target customer	-25,000
On signed agreement with target customer	-25,000
On signed agency agreement to market similar program to others in same industry in North America	-25,000

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In addition, the agreement provides for additional warrants to be issued over 3 years based on 10% of any payout to participants under the plan developed with customer(s) resulting from the agency agreement. The warrants to be issued are based on the average price of the Company's stock for the 10-day period prior to the issuance of the warrants, less a 20% discount.

The initial 25,000 warrants issued have an exercise price of \$4.96 per share and expire February 17, 2002. They have been valued at \$115,060 using the Black-Scholes model as described earlier and have been reflected as compensation on these financial statements.

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SUITE101.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000

(EXPRESSED IN U.S. DOLLARS)

8. COMMITMENTS AND SUBSEQUENT EVENTS (CONTINUED)

- (d) During the year ended December 31, 2001, the Company entered into an operating lease for its office space. The lease expires March 31, 2003 and provides for monthly payments commencing May 1, 2001 of \$1,897 plus the Company's proportionate share of operating costs and taxes (currently \$1,040 per month). Under the terms of the lease, the Company has an option to renew the lease for a further period of three years.
- (e) Subsequent to December 31, 2001, the Company terminated virtually all its employees. In connection with this, the Company paid \$535,000 in severance pay.

9. COMPREHENSIVE INCOME (LOSS)

	DECEMBER 31, 2001	DECEMBER 31, 2000
	-----	-----
Net loss as reported	\$(1,641,630)	\$(2,285,953)
Add (deduct)		
Foreign currency translation adjustments	(25,182)	(71,247)
	-----	-----
Comprehensive Income (Loss)	\$(1,666,812)	\$(2,357,200)
	=====	=====
Accumulated other comprehensive income		
Foreign currency translation adjustments		
Balance at beginning of period	\$ (61,890)	\$ 9,357
Change during the period	(25,182)	(71,247)
	-----	-----
Balance at end of period	\$ (87,072)	\$ (61,890)
	=====	=====

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUITE101.COM, INC.

BY: /s/ Mitchell G. Blumberg

MITCHELL G. BLUMBERG, PRESIDENT

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ Mitchell G. Blumberg ----- Mitchell G. Blumberg	President (Principal Executive Officer) and Director	March 27, 2002
/s/ Cara M. Williams ----- Cara M. Williams	Vice President - Finance (Principal Financial and Accounting Officer)	March 27, 2002
/s/ Douglas Loblaw ----- Douglas Loblaw	Director	March 27, 2002
/s/ John Campbell ----- John Campbell	Director	March 27, 2002
/s/ Brent Peters ----- Brent Peters	Director	March 27, 2002