

CARDINAL FACTOR CORPORATION

ANNUAL MEETING

OF

SHAREHOLDERS

TO BE HELD ON

July 30, 2001

CARDINAL FACTOR CORPORATION
Suite 100 - 489 King Street West
Toronto, Ontario, Canada. M5V 1K4

MANAGEMENT INFORMATION CIRCULAR
ANNUAL MEETING OF SHAREHOLDERS
Monday, July 30, 2001

Solicitation of Proxies

This management information circular (the “Circular”) is furnished in connection with the solicitation by the management of CARDINAL FACTOR CORPORATION (the “Corporation”) of proxies for use at the annual meeting (the “Meeting”) of the holders of common shares (“Common Shares”) of the Corporation to be held on Monday, July 30, 2001 at 4:00 p.m., or any adjournment thereof, at the place and for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Corporation, without special compensation, or by the Corporation’s transfer agent, Equity Transfer Services Inc., at nominal cost. The cost of solicitation by management will be borne by the Corporation.

Except to the extent otherwise herein stated, all information set forth herein is given as of January 31, 2001 and all dollar amounts set forth herein are stated in Canadian dollars.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors or officers of the Corporation. A shareholder desiring to appoint some other person to represent him at the meeting may do so by inserting the name of such person in the blank space indicated in the proxy or by completing another proper form of proxy and, in either case, by depositing the completed proxy with the Corporation’s registrar and transfer agent, Equity Transfer Services Inc., Suite 420, 120 Adelaide Street West Toronto, Ontario, Canada. M5H 4C3, to be received no later than 4:00 p.m. (Toronto time) on Friday July 27, 2001, or if the Meeting is adjourned, no later than 24 hours, Saturdays and holidays excepted, prior to the time of any adjourned Meeting. A person appointed as proxy need not be a shareholder of the Corporation.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by delivering an instrument in writing executed in the same manner as a proxy at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder attending the Meeting has the right to vote in person and if he does so, his proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

Exercise of Discretion by Proxies

Proxies received in favour of management will be voted and, where a choice is specified, will be voted in accordance with the choice so specified in the proxy. If a specification is not made with respect to any matter, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of Daren, Martenfeld, Carr, Testa and Company LLP, Chartered Accountants, as auditors of the Corporation and the authorization of the directors to fix their remuneration, and for the other items of business set out in the attached notice calling the meeting.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, and with respect to other matters which may properly come before the meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the notice of meeting. However, if other matters that are not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgement of the person or persons voting the proxy.

Record Date and Voting Shares and Principal Holders Thereof

Shareholders of record on the books of the Corporation at the close of business on Monday, June 25, 2001 (the "Record Date") will be entitled to one vote for each Common Share held by them, except to the extent that a person has transferred any Common Shares after the Record Date and the transferee of such Common Shares establishes proper ownership and demands, not later than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares. A tender of a certificate to the Corporation's transfer agent for transfer shall be deemed to constitute such a demand.

At the date of this Circular, the Corporation has 17,710,216 Common Shares outstanding, each of which carries one vote. To the knowledge of the directors and senior officers of the Corporation, the only persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying in excess of 10% of the voting rights attaching to such securities are:

Name of Shareholder	# of Common Shares Beneficially Owned or Controlled¹	# of Common Shares as a % of Outstanding Common Shares
Andrew C. Colebeck	5,330,000	30.12%
Brian H. Sloan	5,000,000	28.26%

MATTERS TO BE ACTED UPON AT THE MEETING

Appointment of Auditors

Proxies received in favour of management will be voted in favour of re-appointing Daren, Martenfeld, Carr, Testa and Company LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders and authorizing the directors to fix their remuneration, unless the shareholder has specified in the proxy that his shares are to be withheld from voting in respect thereof.

Election of Directors

Directors of the Corporation are elected annually by the shareholders. A board of six directors is to be elected at the meeting. Each of the persons whose name appears hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his or her successor is elected or appointed in accordance with the Corporation's by-laws. The persons named in the enclosed proxy, unless directed otherwise, intend to vote for the election of such persons.

The Corporation is required to have an audit committee. The Corporation's audit committee is comprised of Messrs. William Sloan, Bryan Knebel, and Tom Reber.

The following table sets out the name and municipality of residence of each person proposed to be nominated for election as a director, his present position with the Corporation, the year in which such person was first elected a director of the Corporation and the approximate number of Common Shares beneficially owned or which are subject to control or direction by such person.

¹ The information as to shares beneficially owned, controlled or directed has been furnished by the shareholders.

Name, Present Position with Corporation and Municipality of Residence	Director Since	Number of Common Shares Owned, Directed or Controlled ²
Andrew C. Colebeck President, Chief Executive Officer and Director Toronto, Ontario	July, 2000	5,330,000
Brian H. Sloan Chief Technology Officer and Director Toronto, Ontario	July, 2000	5,000,000
Michael Aucoin Vice President, Marketing and Business Development and Director Toronto, Ontario	July, 2000	0
Bryan Knebel Director Georgetown, Ontario	July, 2000	2500
William Sloan Director Kimberley, Ontario	August, 2000	5000
Thomas Reber Director Toronto, Ontario	August, 2000	0

² The information as to shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

Andrew C. Colebeck, President and Chief Executive Officer of the Corporation. Mr. Colebeck received a Honours B.A. degree in Urban Geography from the University of Western Ontario. From 1988 and 1997, Mr. Colebeck managed the marketing and communications for the Metropolitan Toronto Parks and Culture Department. In 1997, he became a principal of Special Projects Consultants Ltd., a business consulting firm. From 1998 to the present, Mr. Colebeck has held the position of President and Chief Executive Officer of BWare Software Inc., a wholly owned subsidiary of Cardinal Factor Corporation.

Brian H. Sloan, Chief Technology Officer of the Corporation. Mr. Sloan is a graduate of the University of Western Ontario with a B.Sc. degree in Computer Science. Since 1995, he has been a principal of WRS Consulting Inc., creating web-based client/server applications. Mr. Sloan is a Microsoft Certified Systems Engineer specializing in Web development with MS SQL Server.

Michael Aucoin, Vice President, Marketing and Business Development. Mr. Aucoin is a graduate of the University of Ottawa earning a B.Sc. degree with honours in Biology. Between 1994 and 1997, Mr. Aucoin worked in a variety of sales roles with Campbell's Soup Company Ltd. From 1997 to the present, Mr. Aucoin has occupied increasing levels of responsibility at J.M. Smucker Canada Inc., where he is currently the Director of Sales.

Bryan Knebel, Director. From 1987 to 1998, Mr. Knebel held positions of increasing responsibility with the Toronto Dominion Bank, primarily in commercial lending. Since 1998, Mr. Knebel has been Chief Financial Officer of GolfNorth Properties Inc., an owner and developer of semi-private / public golf courses and related real estate.

Thomas Reber, Director. Mr. Reber has an undergraduate degree in Psychology and a graduate degree from American Graduate School of International Management in Glendale, Arizona. From 1994 to 1998, Mr. Reber was the Senior Vice President and Managing Director of Corporate Finance, Deutsche Bank Canada. From 1999 to 2000 Mr. Reber was the Senior Vice President/ Director, Financial Advisory Services, Mergers and Acquisitions of PriceWaterhouseCoopers Securities Inc.

William Sloan, Director. Mr. Sloan is a principal of WRS Consulting Ltd. and a member of the Advisory Committee to the Auditor General of Canada on accounting and auditing matters. Prior to his retirement in 1997, Mr. Sloan was a managing partner of Arthur Andersen and Company, Chartered Accountants.

Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee, unless the shareholder has specified in the proxy that the shares are to be withheld from voting with respect to the election of directors.

EXECUTIVE COMPENSATION

Summary Compensation Table

No officer of the Corporation has received compensation for the fiscal year ending January 31, 2001, in excess of \$100,000.

Name and Principal Position ³	Fiscal Year	Annual Compensation			Long-Term Compensation	All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	
					Common Shares Under Options Granted (#)	
Andrew C. Colebeck ⁴ President and Chief Executive Officer	2000	\$29,877	Nil	Nil	50,000	Nil
Brian H. Sloan ⁵ Chief Technology Officer	2000	\$15,300	Nil	Nil	50,000	Nil

3 For purposes of disclosure of Executive Compensation, “executive officer” means the Chairman, Vice-Chairman, President, Chief Executive Officer, Vice-Presidents and any other officer of the Corporation or any of its subsidiaries or person who performed a policy-making function in respect of the Corporation.

4 Mr. Colebeck became the President of the Corporation on July 19, 2000. For the period from July 19, 2000 to January 31, 2001, Special Projects Consultants, or “SPC”, (Mr. Colebeck is the sole shareholder of SPC) received a management fee of \$29,877 (\$42,000 on an annualized basis), pursuant to a Management Service Agreement between the Corporation and SPC.

5 Mr. Sloan became the Chief Technology Officer of the Corporation on July 19, 2000. For the period from July 19, 2000 to January 31, 2001, WRS Consulting Inc. (Mr. Sloan is the sole shareholder of WRS) received a management fee of \$15,300, pursuant to a Management Service Agreement between the Corporation and WRS Consulting Inc.

Stock Option Plan

The Corporation has a stock option plan in place to provide an incentive for directors, senior officers, employees and consultants of the Corporation and its subsidiaries to own Common Shares. The stock option plan was approved by the shareholders of the Corporation at a shareholders' meeting held on July 17, 2000.

The number of Common Shares which may be reserved for issuance under the stock option plan is limited to 1,500,000, provided that the board of directors has the right, from time to time, to increase such number subject to the approval of the shareholders of the Corporation.

Under the stock option plan, the granting of options is subject to the following additional conditions:

- (i) Not more than 10% of the number of Common Shares issued and outstanding from time to time (the "Outstanding Issue") may be reserved for the granting of options to insiders at any time or to insiders in any one-year period; and
- (ii) The options shall expire not more than five years after the date of grant;
- (iii) The options shall be irrevocable and non-assignable;
- (iv) The exercise price shall be fixed by the Board of Directors at the time of grant provided that the price per common share shall not be less than the market price of the Corporation's common shares at the time of grant. For the purposes of the Plan, the "market price" is defined as the closing price of the Corporation's common shares on the Canadian Unlisted Board on the business day immediately prior to the date of grant or the closing price of the Corporation's common shares on any stock exchange upon which the Corporation's common shares subsequently become posted and listed for trading.
- (v) The number of shares reserved for issuance to any one person pursuant to options shall not exceed 5% of the outstanding issue where "outstanding issue" is defined as the number of common shares of the Corporation issued and outstanding on the business day immediately prior to the date of grant.

It is contemplated at this time that the Corporation will not be providing any financial assistance to grantees under the Plan to permit them to exercise their options.

On July 19, 2000, the Board of Directors of the Corporation approved the grant of stock options to certain directors, officers and employees of the Corporation. The details with respect to the options granted under such plan, as at the fiscal year ended January 31, 2001, is set out below.

Name of Option holder	Position with Corporation	Number of Common Shares under Option	Exercise Price (\$/Common Share)	Expiry Date
Andrew C. Colebeck	President, Chief Executive Officer and Director	50,000	\$0.20	February 19, 2002
Brian H. Sloan	Chief Technology Officer and Director	50,000	\$0.20	February 19, 2002
Michael Aucoin	Vice President, Marketing and Business Development	550,000	\$0.20	February 19, 2002
Greg Pappas	Chief Financial Officer	50,000	\$0.20	February 19, 2002
William R. Sloan	Director	45,000	\$0.20	February 19, 2002
Bryan Knebel	Director	47,500	\$0.20	February 19, 2002
Thomas E. Reber	Director	50,000	\$0.40	February 19, 2002
Other	—	204,000	\$0.20	February 19, 2002
Total		1,054,000		

Compensation of Directors

Directors do not receive fees or compensation for the attendance of board meetings or committee meetings or by virtue of being a member of the board or a committee.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No officer or director or former officer or director or any proposed nominee for election as a director was indebted to the Corporation during the fiscal year ended January 31, 2000.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

No insider of the Corporation has had any material interest in any material transactions with respect to the Corporation and its subsidiaries since the commencement of the Corporation's last fiscal year.

Management Contracts

Pursuant to a Management Service Agreement between SPC Limited and the Corporation, the Corporation retained SPC Limited to provide management and other services to the Corporation. Pursuant to such agreement, Andrew Colebeck holds the title of President and Chief Executive Officer of the Corporation. The annual management fee payable by the Corporation to SPC Limited for providing such services is \$42,000.

Pursuant to a Management Service Agreement between WRS Consulting Inc. and the Corporation, the Corporation retained WRS Consulting Inc. to provide management and Internet Hosting Services to the Corporation. Pursuant to such agreement, Brian H. Sloan holds the title of Chief Technology Officer of the Corporation.

Directors' and Officers' Liability Insurance

The Corporation presently does not maintain a Director's Liability Insurance policy, and is unaware of any litigation pending against the Corporation, members of the Board of Directors or the Executive.

Approval

The undersigned hereby certifies that the contents and sending of this Circular have been approved by the directors of the Corporation.

June 26, 2001

(signed)

Thomas E. Reber
Director

(signed)

Andrew C. Colebeck
President and Chief Executive
Officer