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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-KSB**

☒ ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

or  
☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

**DATAJUNGLE SOFTWARE INC.**

(Name of small business issuer in its charter)

<b>NEVADA</b>	<b>001-05996</b>	<b>91-0835748</b>
(State or other jurisdiction of incorporation or organization)	Commission File No.	(I.R.S. Employer Identification Number)
<b>1 Hines Road, Suite 202, Ottawa, Ontario, Canada</b>		<b>K2K 3C7</b>
(Address of principal executive offices)		(Zip Code)

Issuer's telephone number: 613-254-7246

Securities registered under Section 12(b) of the Exchange Act: none

Securities registered under Section 12(g) of the Exchange Act: Common Stock, par value \$.001 per share

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 12 months (or for such shorter period that the registrant 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 Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant'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. ☒

State issuer's revenues for its most recent fiscal period. \$601,128

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average between the closing bid (\$0.40) and asked (\$0.47) price of the issuer's Common Stock as of March 29, 2005, was \$4,362,173, based upon the average between the closing bid and asked price (\$0.435) multiplied by the 10,027,983 shares of the issuer's Common Stock held by non-affiliates. (In computing this number, issuer has assumed all record holders of greater than 5% of the common equity and all directors and officers are affiliates of the issuer.)

The number of shares outstanding of each of the issuer's classes of common equity as of March 21, 2005: 17,281,173.

DOCUMENTS INCORPORATED BY REFERENCE: See Item 13, Exhibits, page 30.

Transitional Small Business Disclosure Format: Yes ☐ No ☒

SEC 2337 (8-04)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**DATAJUNGLE SOFTWARE INC.**  
**Form 10-KSB**  
**December 31, 2004**

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## PART I

### CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

We caution readers that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements that we make in this report. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. This report contains statements that constitute "forward-looking statements." These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "will," or similar terms. These statements appear in a number of places in this report and include statements regarding our intent, belief or current expectations with respect to many things. Some of these things are:

- trends affecting our financial condition or results of operations for our limited history;
- our business and growth strategies;
- our technology;
- the Internet; and
- our financing plans.

We caution readers that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties. In fact, actual results most likely will differ materially from those projected in the forward-looking statements as a result of various factors. Some factors that could adversely affect actual results and performance include:

- our limited operating history;
- our level of sales to date;
- our future requirements for additional capital funding;
- the failure of our technology and products to perform as specified;
- the discontinuance of growth in the use of the Internet;
- the enactment of new adverse government regulations; and
- the development of better technology and products by others.

The information contained in the following sections of this report identify important additional factors that could materially adversely affect actual results and performance:

"Part I. Item 1. Description of Business" especially the disclosures set out under the heading "Risk Factors"; and

"Part II. Item 6. Management's Discussion and Analysis or Plan of Operation"

You should carefully consider and evaluate all of these factors. In addition, we do not undertake to update forward-looking statements after we file this report with the SEC, even if new information, future events or other circumstances have made them incorrect or misleading.

## **Item 1. Description of Business.**

### **Summary**

DataJungle Software Inc. (“DataJungle”) designs, develops and markets web-based enterprise class business intelligence reporting and collaboration solutions. Our software translates raw operational business data into views consisting of interactive tables, charts and maps that can be defined and personalized by each user. This software has been built to leverage XML web services and vector graphics based delivery formats to extend the value of leading business intelligence software products and relational database server infrastructure.

DataJungle operates through a wholly owned Canadian subsidiary located in Ottawa, Ontario, Canada.

### **Our Products**

DataJungle has three main products:

#### **DataJungle Matrix**

- This product includes dash-boarding, analysis and report authoring and management functions enabling users to create personalized views of data without the need to have significant involvement from IT staff or specialized report authors.
- A user can create any number of dash-board like views focused on the key business metrics of importance to that user. The user can also drill down into any view and explore the underlying data.
- An individual user can also author interactive reports from the source data and embed these reports into any web page or port them to other dash-boards or portals.

#### **DataJungle Annotator**

- This product extends the functionality of leading business intelligence software products by adding annotation, collaboration and alerting capabilities.
- A user can add comments and create discussion threads in text or recorded in audio and attach these to specific views or cells. The user can save this information for personal use or share it with other colleagues who have access to the same data sets.

#### **DataJungle Reporter**

- This is the generic name for applications that can be assembled from DataJungle’s library of pre-built reporter components to the specific requirements of a customer. This solution is appropriate where the customer requires a high degree of customization related to analysis and reporting of business information.
- Reporter components include intelligent and interactive chart styles, statistical analysis, alerts and thresholds.

### **Our Markets**

DataJungle targets the business intelligence software market and the business data market with the same core technology and products. The key attributes of each of these markets is as follows:

## **Business Intelligence Software Market**

- This market includes a variety of tools and applications focused on helping knowledge workers and business managers to access and analyze key business data and performance metrics. The intention of these products is primarily to help companies make better and faster business decisions.
- Existing products in this market provide powerful server technology but are limited in flexibility, user functionality and interactivity. They also provide little or no integration between the different types of application servers.
- The emergence of XML web services has allowed the leading vendors in this market to open their products permitting other parties such as DataJungle to extend the functionality of these products and integrate with them.

## **Business Data Market**

- This market includes companies that are in the business of selling industry and market research data. These vendors typically do not provide software reporting tools to allow users of the data to extract the full value of the data.
- The vendors in the business intelligence software market described above have products that are either too complex or inflexible for the typical user of the data.
- The vendors in the business data market have not been able to develop commercial quality software and many continue to deliver data in raw format, paper reports or in basic electronic formats. DataJungle can provide the interactivity and flexibility required for these users.

## **Our Market Positioning**

- DataJungle products do not directly compete with the products offered by vendors in the business intelligence software market or the business data market but are intended to complement these products. We intend to sell our products and any related services directly or through distribution channels to organizations that purchase products and services from these business intelligence software vendors or business data vendors. We have initiated marketing efforts primarily in North America but have also initiated contacts in Europe and Asia Pacific.

## **Direct Sales**

- The Direct Sales approach entails our management and sales representatives making contacts within the organizations of target customers to present the benefits and competitive advantages of our products and services. Leads to such presentations are generated primarily through existing contacts of management and our sales representatives.

## **Channel Sales**

- DataJungle has entered into reseller agreements with a leading provider of data to the automotive sector and a leading provider of business intelligence software products. These agreements have resulted in a DataJungle Reporter solution being deployed to one of the large U.S. automotive manufacturers and a number of Reporter objects being deployed to other large U.S. based companies.
- DataJungle has entered into a number of other reseller agreements and is continuing efforts to identify other partners or resellers.

The territory where most potential clients reside is expected to be in the U.S. In addition to the resellers described above, three individuals within the company are focused entirely on sales and marketing efforts.

We anticipate that the main expense factors for continuing marketing efforts will be for:

- Additional personnel
- Direct marketing to potential customers
- Participation in trade shows
- Travel and living expense
- Preparation of collateral material to support sales and distribution efforts
- Training and support of resellers

For more information, please see "Part II. Item 6. Management's Discussion and Analysis or Plan of Operation; Plan of Operations."

### **Our Competition**

Although DataJungle products are not intended to directly compete with the products offered by vendors in the business intelligence software market or the business data market, our products do overlap to some extent with products and service offered by these vendors. Some of these vendors have considerable more resources than DataJungle and may be developing capabilities competitive with DataJungle. In addition, we cannot assure that competitive products do not currently exist or will not be developed or that our products will be saleable in the marketplace on a profitable basis.

### **Economic Dependence**

For the year ended December 31, 2004, four customers accounted for 93% of our revenues. A small customer base is expected to account for a significant portion of our revenues until our products receive wider market recognition through efforts of our sales representatives and resellers.

### **Research and Development**

We spent the following amounts during the periods mentioned on research and development activities prior to the recovery of related tax credits from various levels of government:

Twelve Months <u>December 31, 2004</u>	Six Months <u>December 31, 2003</u>
\$401,421	\$410,610

For more information, see: "Part II. Item 6. Management's Discussion and Analysis or Plan of Operation; Plan of Operations."

### **Intellectual Property Protection**

We rely on trade secrets, reseller agreements and confidentiality agreements. We claim copyright in specific software products and various elements of the core technology. In addition, we claim the rights to certain trade names and trademarks. However, we have not registered trademarks, patents or copyrights in any jurisdiction to cover specific products described herein or any of the core technology. We believe, but we cannot assure, that our technology and its implementation may be eligible for patent protection.

We cannot assure that we will be able to obtain or to maintain protection of our intellectual property. We also cannot assure that our technology does not infringe upon the intellectual property rights of others. In the event that we are unable to obtain the foregoing protection or our technology infringes intellectual property rights of others, our business and results of operations could be materially and adversely affected. For more information please see "Risk Factors; Proprietary Rights" below.

## **Employees**

As of March 21, 2005, DataJungle had 13 personnel, including 5 executive officers (2 responsible for sales and marketing, 1 in product development and 2 in administration), 5 software developers and programmers, 1 in sales field support and 2 in direct sales. All of our personnel, with the exception of a sales consultant located in Detroit, are located in Ottawa, Canada. In addition, we engage technical consultants and independent contractors to provide specific advice or to perform certain administrative or technical functions as required.

## **Risk Factors**

Our business operations and our securities are subject to a number of substantial risks, including those described below. If any of these or other risks actually occur, our business, financial condition and operating results, as well as the trading price or value of our securities could be materially adversely affected.

### ***Our limited operating history makes evaluating our business and prospects difficult.***

Our limited operating history makes it difficult to evaluate our current business and prospects or to accurately predict our future revenues or results of operations. Our ability to consistently generate revenue on a profitable basis is unproven, and our business plan is constantly evolving. The Internet is constantly changing and software technology is constantly improving, therefore we may need to continue to modify our business plan to adapt to these changes. As a result of our limited operating history, we are more vulnerable to risks, uncertainties, expenses and difficulties than more established companies. As a result, we may never achieve profitability and we may not be able to continue operations if we cannot successfully address the risks associated with our operations.

### ***We have a history of operating losses and we anticipate losses and negative cash flow for the foreseeable future. Unless we are able to generate profits and positive cash flow we may not be able to continue operations.***

We incurred a net loss of \$881,466 and negative cash flow from operations of \$601,847 during the year ended December 31, 2004. During the six months ended December 31, 2003, we incurred a net loss of \$748,305 and negative cash flow from operations of \$249,639. We expect operating losses and negative cash flow from operations to continue for the foreseeable future and to possibly increase from current levels as we increase expenditures for:

- sales and marketing;
- technology;
- research and development; and
- general business enhancement.

With increased on-going operating expenses, we will need to generate significant revenues to achieve profitability. Consequently, we may never achieve profitability. Even if we do achieve profitability, we may not sustain or increase profitability on a quarterly or annual basis in the future. If we are unable to achieve or sustain profitability in the future, we may be unable to continue our operations.

***We may require additional capital to proceed with our long-term business plan. If we are unable to obtain such capital in future years, we may be unable to proceed with our long-term business plan and we may be forced to limit or curtail our future operations.***

We may require additional working capital to proceed with our long-term business plan. For a discussion of our capital requirements, see the disclosure in "Part II. Item 6. Management's Discussion and Analysis or Plan of Operation; Plan of Operations." If we are unable to raise additional financing should it become necessary to do so, we may be unable to grow or to implement our long-term business plan and, in fact, we may be forced to limit or curtail our future operations.

***The loss of any of our key personnel would likely have an adverse effect on our business.***

Our future success depends, to a significant extent, on the continued services of our key personnel. Our loss of any of these key personnel most likely would have an adverse effect on our business. In addition, competition for personnel throughout the industry is intense and we may be unable to retain our current personnel or attract, integrate or retain other highly qualified personnel in the future. If we do not succeed in retaining our current personnel or in attracting and motivating new personnel, our business could be materially adversely affected.

***The business environment is highly competitive and, if we do not compete effectively, we may experience material adverse effects on our operations.***

The market for business intelligence products and services is intensely competitive and we expect competition to increase in the future. We compete with large and small companies that provide products and services that are similar in some aspects to our products and services. Our competitors may develop new technologies in the future that are perceived as more effective or cost efficient than the technologies developed by us.

Some of our competitors have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, technical and marketing resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the promotion and sale of their products than we will. In addition, our competitors may have established or may establish financial or strategic relationships among themselves, with existing or potential customers, resellers or other third parties and rapidly acquire significant market share. If we cannot compete effectively, we may experience future price reductions, reduced gross margins and loss of market share, any of which will materially adversely affect our business, operating results and financial condition.

***If we are unable to develop brand recognition, we may be unable to generate significant revenues and our results of operations may be materially adversely affected.***

To attract customers we may have to develop a brand identity and increase awareness of our technology and products. To increase brand awareness, we expect to significantly increase our expenditures for marketing initiatives. However, these activities may not result in significant revenue and, even if they do, any revenue may not offset the expenses incurred in building brand recognition. Moreover, despite these efforts, we may not be able to increase awareness of our brands, which would have a material adverse effect on our results of operations.



***If we are unable to respond to rapid technological change and improve our products and services, our business could be materially adversely affected.***

The business intelligence software industry is characterized by technological advances, changes in customer requirements, frequent new product introductions and enhancements and evolving industry standards in computer hardware and software technology. As a result, we must continually change and improve our products in response to changes in operating systems, application software, computer and communications hardware, networking software, programming tools and computer language technology. The introduction of products embodying new technologies and the emergence of new industry standards may render existing products obsolete or unmarketable. Our future operating results will depend upon our ability to enhance our current products and to develop and introduce new products on a timely basis that address the increasingly sophisticated needs of our end-users and that keep pace with technological developments, new competitive product offerings and emerging industry standards. If we do not respond adequately to the need to develop and introduce new products or enhancements of existing products in a timely manner in response to changing market conditions or customer requirements, our operating results may be materially diminished.

***We may not be able to protect and enforce our intellectual property rights, which could result in the loss of our rights, loss of business or increased costs.***

Our success depends to a significant degree upon the protection of our software and other proprietary technology. The unauthorized reproduction or other misappropriation of our proprietary technology would enable third parties to benefit from our technology without paying us for it. We depend upon a combination of copyright laws, license agreements and non-disclosure and other contractual provisions to protect proprietary and distribution rights of our products. We have not registered trademarks, copyrights or patents in any jurisdiction. Although we have taken certain steps to protect our proprietary technology, they may be inadequate and the unauthorized use thereof could have a material adverse effect on our business, results of operations and financial condition. Existing copyright laws and the other steps that we have taken offer only limited protection. Moreover, the laws of other countries in which we plan to market our products may afford little or no effective protection of our intellectual property. If we resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive, even if we were to prevail.

***Claims by third parties that we infringe upon their proprietary technology could hurt our financial condition.***

If we discover that any of our products or technology we license from third parties violates third party proprietary rights, we may not be able to reengineer our product or obtain a license on commercially reasonable terms to continue offering the product without substantial reengineering. In addition, product development is inherently uncertain in a rapidly evolving technology environment in which there may be numerous patent applications pending for similar technologies, many of which are confidential when filed. Although we sometimes may be indemnified by third parties against claims that licensed third party technology infringes proprietary rights of others, indemnity may be limited, unavailable or, where the third party lacks sufficient assets or insurance, ineffective. We currently do not have liability insurance to protect against the risk that our technology or future licensed third party technology infringes the proprietary rights of others. Any claim of infringement, even if invalid, could cause us to incur substantial costs defending against the claim and could distract our management from our business. Furthermore, a party making such a claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling our products. Any of these events could have a material adverse effect on our business, operating results and financial condition.

***If security were breached, our business would be materially adversely affected.***

A key element of our technology and products is the ability to access business information using the Internet, either through facilities of our customers or hosted by us. If anyone was able to circumvent security measures, they could misappropriate proprietary information or cause interruptions or problems with hardware and software of DataJungle or customers using our products. Any such security breaches could significantly damage our business and our reputation. In addition, we could be liable to our customers for the damages caused by such breaches or we could incur substantial costs as a result of defending claims for those damages. We may need to expend significant capital and other resources to protect against such security breaches or to address problems caused by such breaches. Security measures taken by us may not prevent disruptions or security breaches. In the event that future events or developments result in a compromise or breach of the technology we use to protect a customer's personal information, our financial condition and business could be materially adversely affected.

***Our operating results may prove unpredictable, and may fluctuate significantly.***

Our operating results are likely to fluctuate significantly in the future due to a variety of factors, many of which are outside of our control. Factors which may cause operating results to fluctuate significantly include the following:

- new technology or products introduced by us or by our competitors;
- the timing and uncertainty of sales cycles and any seasonal declines in sales;
- our success in marketing and market acceptance of our products and services by our existing customers and by new customers;
- a decrease in the level of spending for information technology-related products and services by our existing and potential customers; and
- general economic conditions, as well as economic conditions specific to users of our products and technology.

Our operating results may be volatile and difficult to predict. As such, future operating results may fall below the expectations of securities analysts and investors. In this event, the trading price of our common stock may fall significantly.

***We expect to generate the majority of revenues in U.S. dollars and incur significant expenses in Canadian dollars. If applicable currency exchange rates fluctuate our revenues and results of operations may be materially and adversely affected.***

We expect that a majority of our revenues will be based on sales provided in United States dollars and currency other than the Canadian dollar. In addition, we expect that a significant portion of our operating expenses will be incurred in Canada. As a result, our financial performance will be affected by fluctuations in the value of the U.S. dollar and other currencies to the Canadian dollar. At the present time, we have no plan or policy to utilize forward contracts or currency options to minimize this exposure, and even if these measures are implemented there can be no assurance that such arrangements will be available, be cost effective or be able to fully offset such future currency risks.

***Other risks associated with international operations could adversely affect our business operations and our results of operations.***

There are certain risks inherent in doing business on an international level, such as:

- unexpected changes in regulatory requirements, export and import restrictions;
- legal uncertainty regarding liability and compliance with foreign laws;
- competition with foreign companies or other domestic companies entering into the foreign markets in which we operate;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- political instability;
- fluctuations in currency exchange rates;
- software piracy;
- seasonal reductions in business activity; and
- potentially adverse tax consequences.

Any of these factors could adversely impact the success of our international operations. One or more of such factors may impair our future international operations and our overall financial condition and business prospects.

***Our common stock price may be volatile.***

The market prices of securities of technology companies are extremely volatile and sometimes reach unsustainable levels that bear no relationship to the past or present operating performance of such companies. Factors that may contribute to the volatility of the trading price of our common stock include, among others:

- our quarterly results of operations;
- the variance between our actual quarterly results of operations and predictions by stock analysts;
- financial predictions and recommendations by stock analysts concerning technology companies and companies competing in our market in general, and concerning us in particular;
- public announcements of technical innovations relating to our business, new products or technology by us or our competitors, or acquisitions or strategic alliances by us or our competitors;
- public reports concerning our products or technology or those of our competitors; and
- the operating and stock price performance of other companies that investors or stock analysts may deem comparable to us.

In addition to the foregoing factors, the trading prices for equity securities in the stock market in general, and technology companies in particular, have been subject to wide fluctuations that may be unrelated to the operating performance of the particular company affected by such fluctuations. Consequently, broad market fluctuations may have an adverse effect on the trading price of our common stock, regardless of our results of operations.

***There is a limited market for our common stock. If a substantial and sustained market for our common stock does not develop, our shareholders' ability to sell their shares may be materially and adversely affected.***

Our common stock is tradable in the over-the-counter market and is quoted on the OTC Bulletin Board under the symbol of DJSW. Many institutional and other investors refuse to invest in stocks that are traded at levels below the Nasdaq Small Cap Market which could make our efforts to raise capital more difficult. In addition, the firms that make a market for our common stock could discontinue that role. OTC Bulletin Board stocks are often lightly traded or not traded at all on any given day. We cannot predict whether a more active market for our common stock will develop in the future. In the absence of an active trading market:

- investors may have difficulty buying and selling or obtaining market quotations;
- market visibility for our common stock may be limited; and
- a lack of visibility for our common stock may have a depressive effect on the market price for our common stock.

***Shares issuable upon the exercise of options, exercise of stock purchase warrants and the conversion of convertible debentures or under anti-dilution provisions in certain agreements could dilute stock holdings and adversely affect our stock price.***

We have issued options and may issue additional options in the future to acquire common stock to our employees and certain other persons at various prices, some of which have, or may in the future have, exercise prices at or below the market price of our stock. As of March 21, 2005 we have outstanding options to purchase a total of 3,178,452 shares of our common stock. Of these options, 2,978,452 have exercise prices below the recent market price of \$0.55 per share (as of March 21, 2005). If exercised, these options will cause immediate dilution to our stockholders. Our existing stock option plan has 1,821,548 shares remaining for issuance as of March 21, 2005. Future options issued under the plan may have further dilutive effects.

A holder of a promissory note has the option of converting outstanding principal plus interest thereon into 4,309,302 shares of our common stock based on a rate of one common share for each \$0.15 CAD of debt converted. Any such conversion would have a dilutive effect on stockholders.

We have issued 3,200,000 stock purchase warrants pursuant to consulting agreements which allow the holders to acquire up to 3,200,000 shares of our common stock at an exercise price of \$0.50 per share expiring on December 31, 2009. Of these warrants, 1,500,000 can be cancelled by the Company if the Company cancels the related consulting agreement and has not received at least \$2,000,000 in investment from any and all sources during the period from July 1, 2004 to July 31, 2006. Issuance of stock pursuant to these warrants would have a dilutive effect on stockholders.

Issuance of shares pursuant to the exercise of options, exercise of stock purchase warrants, anti-dilution provisions or the conversion of debentures, could lead to subsequent sales of the shares in the public market, which could depress the market price of our stock by creating an excess in supply of shares for sale. Issuance of these shares and sale of these shares in the public market could also impair our ability to raise capital by selling equity securities.

***A large number of shares will be eligible for future sale and may depress our stock price.***

As of March 21, 2005, we had outstanding 17,281,173 shares of common stock of which approximately 15,181,295 shares were "restricted securities" as that term is defined under Rule 144 promulgated under the Securities Act of 1933. These restricted shares are eligible for sale under Rule 144 at various times. No prediction can be made as to the effect, if any, that sales of shares of common stock or the availability

of such shares for sale will have on the market prices prevailing from time to time. Nevertheless, the possibility that substantial amounts of our common stock may be sold in the public market may adversely affect prevailing market prices for the common stock and could impair our ability to raise capital through the sale of our equity securities.

***We do not intend to pay dividends in the near future.***

Our board of directors determines whether to pay dividends on our issued and outstanding shares. The declaration of dividends will depend upon our future earnings, our capital requirements, our financial condition and other relevant factors. Our board does not intend to declare any dividends on our shares for the foreseeable future.

***Our common stock may be deemed to be a "penny stock." As a result, trading of our shares may be subject to special requirements that could impede our shareholders' ability to resell their shares.***

Our common stock is a "penny stock" as that term is defined in Rule 3a51-1 of the Securities and Exchange Commission because it is selling at a price below five dollars per share. In the future, if we are unable to list our common stock on NASDAQ or a national securities exchange, or the per share sale price is not at least \$5.00, our common stock may continue to be deemed to be a "penny stock". Penny stocks are stocks:

- with a price of less than five dollars per share;
- that are not traded on a recognized national securities exchange;
- whose prices are not quoted on the NASDAQ automated quotation system ; or
- of issuers with net tangible assets less than
  - \$2,000,000 if the issuer has been in continuous operation for at least three years; or
  - \$5,000,000 if in continuous operation for less than three years, or
- of issuers with average revenues of less than \$6,000,000 for the last three years.

Section 15(g) of the Exchange Act, and Rule 15g-2 of the Securities and Exchange Commission, require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Moreover, Rule 15g-9 of the Securities and Exchange Commission requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer:

- to obtain information from the investor concerning his or her financial situation, investment experience and investment objectives;
- to determine based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions;
- to provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination referred to immediately above; and
- to receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives.

Compliance with these requirements may make it more difficult for holders of our common stock to resell their shares to third parties or to otherwise dispose of them.

***Our current and former executive officers, directors and major shareholders own a significant percentage of our voting stock. As a result, they exercise significant control over our business affairs and policy.***

As of March 21, 2005, our current and former executive officers, directors and holders of 5% or more of our outstanding common stock together beneficially owned approximately 58 % of the outstanding common stock if they converted all debentures held by them and were eligible to exercise all of the options held by them. These shareholders are able to significantly influence all matters requiring approval by shareholders, including the election of directors and the approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying, deterring or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

***Our articles of incorporation contain provisions that could discourage an acquisition or change of control of our company.***

Our articles of incorporation authorize our board of directors to issue preferred stock without stockholder approval. Provisions of our articles of incorporation, such as the provision allowing our board of directors to issue preferred stock with rights more favorable than our common stock, could make it more difficult for a third party to acquire control of us, even if that change of control might benefit our stockholders.

## **Our Corporate History**

Quad Metals Corporation, a Washington company incorporated on June 5, 1968 and Quad Metals Corporation, a wholly owned Nevada subsidiary incorporated on June 20, 2002 merged on December 11, 2002 to form Quad Metals Corporation, a Nevada corporation (“Quad”). Pursuant to a Share Exchange Agreement which was effective October 1, 2003, Quad acquired all of the issued and outstanding common stock of DataJungle Ltd., a Canadian company (formed on August 15, 2001 as a merger of DataJungle, Inc., a Delaware company incorporated on August 4, 2000 and 3853021 Canada Inc., a Canadian company incorporated on July 27, 2001). Effective November 18, 2003, Quad changed its name to DataJungle Software Inc.

### **Item 2. Description of Properties.**

Our head office is located at 1 Hines Road, Suite 202, Ottawa, Ontario, Canada, K2K 3C7. The telephone number is 613-254-7246.

Our office is leased from a non-affiliated party based on a sublease agreement for 5,692 sq. ft. of space until December 31, 2007.

### **Item 3. Legal Proceedings.**

We are not presently a party to any material litigation.

**Item 4. Submission of Matters to a Vote of Security holders.**

None

**PART II**

**Item 5. Market for Common Equity and Related Stockholder Matters.**

(a) Market Information -- The principal U.S. market in which our common stock, all of which are of one class, \$.001 par value per share, is traded is in the over-the-counter market. Our stock is quoted on the OTC Bulletin Board under the symbol "DJSW".

The following table sets forth the range of high and low bid quotes of our common stock per quarter since March 28, 2003, the date that a stock symbol was obtained, as reported by the OTC Bulletin Board. These quotes reflect inter-dealer prices without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

**MARKET PRICE OF COMMON STOCK**

Quarter Ending	BID	
	High	Low
<b>2003</b>		
January 1 to March 31	0.00	0.00
April 1 to June 30	0.00	0.00
July 1 to September 30	1.01	0.00
October 1 to December 31	1.01	0.41
<b>2004</b>		
January 1 to March 31	0.70	0.51
April 1 to June 30	0.89	0.35
July 1 to September 30	0.98	0.60
October 1 to December 31	0.82	0.46

On March 21, 2005, the closing price of our common stock was \$0.55 per share.

(b) Holders -- There were approximately 992 holders of record of our common stock as of March 21, 2005, inclusive of those brokerage firms and/or clearing houses holding our securities for their clientele, with each such brokerage house and/or clearing house being considered as one holder. The aggregate number of shares of common stock outstanding as of March 21, 2005 was 17,281,173 shares.

(c) Dividends -- We have not paid or declared any dividends upon our common stock since inception and, by reason of our present financial status and our contemplated financial requirements, we do not contemplate or anticipate paying any dividends in the foreseeable future.

(d) Securities Authorized for Issuance Under Equity Compensation Plans--The following table sets forth details regarding our common stock authorized for issuance under equity compensation plans as at December 31, 2004:

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	--	--	--
Equity compensation plans not approved by security holders	3,093,452	\$ 0.45	1,906,548
<b>Total</b>	<b>3,093,452</b>	<b>\$ 0.45</b>	<b>1,906,548</b>

We have granted options to purchase an aggregate of 83,700 shares of our common stock to non-employees in consideration for consulting services rendered. These options entitle the holders to purchase shares of common stock at an exercise price of \$0.40 per share. All of these were vested at December 31, 2004 and are exercisable at various dates until February 28, 2013. These options were issued pursuant to our Share Option Plan, which was adopted by our board of directors and became effective on April 16, 2004. The plan has not been approved by our stockholders. The plan authorizes a committee of our board of directors, which administers the plan, to grant stock options and stock appreciation rights to our officers, employees and consultants. A total of 5,000,000 shares of common stock were reserved for issuance under the terms of the Share Option Plan. In the event of certain mergers, sales of assets, reorganizations, consolidations, recapitalizations, stock dividends or other changes in corporate structure affecting our common stock, the committee administering the plan must make an equitable substitution or adjustment in the aggregate number of shares reserved for issuance under the plan and in the number of shares exercisable under, and the exercise price of, outstanding options under the plan.

(e) Sales of Unregistered Securities

During the three months ended December 31, 2004, we issued the following:

- \$242,000 of 12% promissory notes and repaid \$46,000 of these promissory notes;

During the period from January 1, 2005 to March 21, 2005, we issued the following:

- \$221,000 of 12% promissory notes and repaid \$58,000 of these promissory notes;
- 3,000,000 stock purchase warrants to purchase 3,000,000 common shares at an exercise price of \$0.50 per share expiring on December 31, 2009 to an unrelated party pursuant to a consulting agreement for investor relations services to December 31, 2008. 1,500,000 of these warrants can be cancelled by the Company prior to July 31, 2006 if we cancel the consulting agreement and have not received at least \$2,000,000 in investment from any and all sources during the period from July 1, 2004 to July 31, 2006;
- 200,000 stock purchase warrants to purchase 200,000 common shares at an exercise price of \$0.50 per share expiring on December 31, 2009 to an unrelated party pursuant to a consulting agreement for investor communication and public relations services to December 31, 2005. In addition, the Company agreed to issue 200,000 shares of common stock pursuant to this agreement;
- 85,000 stock purchase options to purchase 85,000 common shares at exercise prices between \$0.43 and \$0.75 expiring at various dates to January 18, 2013;
- Received \$15,000 in subscriptions to purchase 50,000 shares of common stock at \$0.30 per share.



The foregoing securities were issued in reliance upon the exemption provided by Section 4(2) under the Securities Act of 1933 and the rules promulgated thereunder.

## **Item 6. Management's Discussion and Analysis or Plan of Operation.**

### **Critical Accounting Policies**

The financial statements of the Company are prepared in accordance with generally accepted accounting principles in the United States of America. The following accounting policies are considered to be critical to an understanding of the financial position and results of operations for the Company discussed in this section. Additional accounting policies for the Company have been disclosed in the audited consolidated financial statements at and for the year ended December 31, 2004 included in this annual report.

#### **(a) Revenue recognition**

**The following policy on revenue recognition was adopted in prior years and continues to be applicable in the current year:**

For contracts requiring significant customization or services, the Company recognizes revenue using the completed contract method in accordance with the guidance in Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". Under the completed contract method, revenue is recognized in the period when all substantial obligations of the Company under the terms and conditions of a contract have been satisfied. Cash receipts received in advance of the recognition of revenue and rights to advance payments are recorded in the balance sheet as deferred revenue. Labor costs associated with a contract that has not been recognized as revenue are capitalized in the balance sheet as contracts in process. A provision for contract losses is recognized as soon as the losses become evident.

**During the year-ended December 31, 2004, the Company made its initial sales of product licenses. As a consequence, the following policy on revenue recognition was adopted in the current year:**

For sales of product licenses, the Company recognizes revenue in accordance with Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-9, "Software Revenue Recognition with Respect to Certain Transactions", issued by the American Institute of Certified Public Accountants. Revenue from sale of product licenses is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

Revenue from product support contracts is recognized ratably over the life of the contract. Revenue from services is recognized at the time such services are rendered.

For contracts with multiple elements such as product licenses, product support and services, the Company follows the residual method whereby revenue is recognized when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one of the delivered elements in the arrangement. The Company allocates revenue to each element in a multiple element arrangement based on its respective fair value, with the fair value determined by the price charged when that element is sold separately. The Company defers revenue for the fair value of its undelivered elements (e.g., professional services and

maintenance) and recognizes revenue for the remainder of the arrangement fee attributable to the delivered elements (i.e., software product) when the basic criteria in SOP 97-2 have been met.

#### **(b) Stock-based compensation**

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees”, and related interpretations including FASB Interpretation No. 44, “Accounting for Certain Transactions Involving Stock Compensation an interpretation of APB Opinion No. 25”, to account for its stock options for employees. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards (“SFAS”) No. 123, “Accounting for Stock-Based Compensation” and SFAS No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123,” established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As permitted by existing accounting standards, the Company has elected to continue to apply the intrinsic-value based method of accounting described above, and has adopted only the disclosure requirements of SFAS 123, as amended.

#### **Plan of Operations**

Due to our limited operating history, our historical results of operations are unlikely to provide a meaningful understanding of the activities expected to take place during the period through December 31, 2005. In addition, our plans for 2005 are dependent upon obtaining additional capital and achieving our sales objectives. Our major initiatives through December 31, 2005 are:

- furthering the development of our products; and
- increasing commercial sales of our products, and continuing our current marketing program.

For more information, please see “Part 1. Item 1: Description of Business; Our Products.”

#### ***Marketing Plans:***

DataJungle has entered into reseller agreements with a leading provider of data to the automotive sector and a leading provider of business intelligence software products. These agreements have resulted in a DataJungle Reporter solution being deployed to one of the large U.S. automotive manufacturers and a number of Reporter objects being deployed to other large U.S. based companies. In addition, we have entered into reseller agreements with a number of other resellers. Efforts to increase our customer base were increased in calendar 2004 and included the engagement of 2 sales representatives in Ottawa, Canada and a sales consultant in Detroit, Michigan. The current focus is to expand the number of leads and to continue to identify resellers and partners in the U.S., Western Europe and Asia.

Marketing leads are being developed by direct identification of potential customers, limited amount of advertising and through trade shows, personal contacts of management and our sales representatives. We expect to spend approximately \$212,000 in 2005 on sales and marketing activities excluding travel and compensation related costs.

Our sales representatives, who are compensated on a salary and commission basis, will continue to follow up these leads, with the objective of more fully explaining the products and their benefits to potential customers. In addition, we expect to increase staffing from 5 to 22 people in 2005, primarily additional sales representatives and support related staff. We estimate the cost of this initiative, including travel and compensation related costs, to be \$1,423,000 for the year ended December 31, 2005.

In summary, the marketing program is expected to cost approximately \$1,635,000 through December 31, 2005.

### ***Developing and Improving Our Products:***

While we will direct a considerable portion of our activities and budget to marketing, we will continue developing the core functions of our products and additional products. For more information please see “Part I. Item 1. Description of Business; Our Products.”

We will improve and further develop our products based upon responses from potential customers. The cost associated with this development is primarily a function of the activity currently planned and thus will be subject to a high degree of control. We estimate that the cost of this continued research and development effort will be \$576,000 through December 31, 2005. Staffing is expected to increase from 6 to 11 people in 2005. The Company may expend additional resources on product development on a cost recovery basis through pilot projects with customers. In addition, we expect to spend \$719,000 on general and administrative expenses through December 31, 2005. This will include an increase in staffing from 2 to 4 people in 2005.

Until such time as we generate sufficient revenues from our products and services, we will continue to be dependent on raising substantial amounts of additional capital through any one of a combination of debt offerings or equity offerings, including but not limited to:

- debt instruments, including demand notes and convertible debentures similar to those discussed below in “Liquidity and Capital Resources”;
- private placements of common stock;
- exercise of stock options at an average exercise price of \$0.45 per share;
- funding from potential clientele or future industry partners.

During the period from January 1, 2004 to March 21, 2005, we raised \$437,500 through a private placement to issue 1,458,334 shares of common stock and \$389,000 from 12% promissory notes (net of repayments of \$104,000). These funds are not sufficient to satisfy the requirements of our plan of operations. Consequently, there will be an ongoing requirement for funding as described above. However, there can be no assurance that any future financings can be obtained, should they be required. In this regard, please see “Risk Factors - Requirement for Additional Capital” in Item 1 above.

### **Selected Financial Data**

The selected financial data set forth below with respect to our consolidated statements of operations for the year ended December 31, 2004 and the six months ended December 31, 2003 and with respect to the consolidated balance sheets as at December 31, 2004 and 2003, are derived from our audited consolidated financial statements included at the end of this report. The following selected financial data should be read in conjunction with our consolidated financial statements and the notes thereto.

	Year Ended December 31, 2004	Six Months Ended December 31, 2003
<b>Operations Data</b>		
Revenues	\$601,128	\$16,465
Gross margin	334,222	(911)
General and administrative	344,702	280,591
Sales and marketing	313,371	82,365
Research and development	381,494	366,011
Depreciation of property and equipment	15,967	6,682
Net loss	\$ 881,466	\$ 748,305
<b>Cash Flows Data</b>		
Net cash from (used in) operations	\$(601,847)	\$ (249,639)
Net cash from (used in) investing activities	(8,586)	(8,371)
Net cash from financing activities	581,868	225,509
Effects of exchange rates on cash	(7,937)	(7,888)
Net increase (decrease) in cash	\$ (36,502)	\$ (40,389)
<b>Balance Sheet Data</b>		
Cash	\$ 10,056	\$ 46,558
Accounts and investment tax credits receivable	125,968	230,332
Contracts-in-process	-	203,617
Total current assets	145,712	487,319
Property and equipment	15,181	21,319
Total assets	160,893	508,638
Accounts payable and accrued liabilities	349,980	322,978
Promissory notes and other obligations	196,000	75,209
Promissory note to related party	456,905	423,602
Deferred revenue	4,161	307,176
Total current liabilities	1,007,046	1,128,965
Stockholders' equity (deficiency)	(846,153)	(620,327)

### **Results of Operations**

In this section, we discuss our earnings for the periods indicated and the factors affecting them that resulted in changes from one period to the other.

Our financial statements have been prepared in accordance with U.S. GAAP and presented in U.S. dollars for purposes of this report.

### **The year ended December 31, 2004 compared to the six months ended December 31, 2003**

**Revenue:** Revenues for the year ended December 31, 2004 were \$601,128 compared to \$16,465 for the six months ended December 31, 2003. In the December 31, 2004 period, the Company completed six contracts for products totaling \$190,663 and two contracts for services for \$410,465. Of the total revenues of \$601,128 for the year ended December 31, 2004, \$307,176 had been recorded on the balance sheet of the Company as deferred revenue as at December 31, 2003 representing payments received from

customers prior to that date. For the December 31, 2003 period, the Company completed a contract for products for \$14,914 and a contract for services for \$1,551. As at December 31, 2004, the Company was not completing any contracts for which revenue had not been recognized at December 31, 2004.

**Gross profit:** Gross profit for the year ended December 31, 2004 was \$334,222 (56% of revenue). For the six months ended December 31, 2003, the gross profit was a loss of \$911 (6% of revenue). The two completed projects for December 31, 2003 were expected to result in minimal or no gross profit as these projects were undertaken in anticipation of additional work in the future. The contracts completed in 2004 had gross profit ranging from 5% for a project that was expected to have minimal gross profit to 100% for a software license sale that was completed without any direct costs.

**General and administrative expenses:** General and administrative expenses consist primarily of personnel costs, professional fees, occupancy related costs, financing related costs (fees on debt raised and travel to meet prospective investors) and other miscellaneous costs associated with supporting our research and development and sales and marketing activities. During the year ended December 31, 2004 we incurred \$344,702 in expenses compared to \$280,591 (approximately \$561,000 on an annualized basis and this number will be used for analysis purposes) during the six months ended December 31, 2003. The decrease on an annualized basis of approximately \$216,000 results primarily from the following:

- Decrease in stock compensation costs of approximately \$294,000. In 2003, we recorded the initial intrinsic value of stock options granted in 2003 and prior years. In 2004, the impact was minimal as our stock price did not change significantly during the year.
- Decrease in professional fees of approximately \$21,000. In 2003, we incurred additional legal and accounting related costs due to the acquisition of our wholly owned Canadian subsidiary, DataJungle Ltd., on October 1, 2003.
- Increase in consulting fees of approximately \$68,000. In 2004, we incurred fees for consultants to assist us with identifying potential sources of capital. In addition, we incurred approximately \$27,000 in fees in lieu of salary for services provided by a corporation controlled by an officer and director of the Company.
- Increase in travel costs of approximately \$19,000. Additional costs were incurred in 2004 related to presentations for financing purposes.
- Increase in personnel related costs of approximately \$8,000.

**Sales and marketing:** Sales and marketing expenses consist primarily of personnel costs and travel. During the year ended December 31, 2004, we incurred \$313,371 in expenses compared to \$82,365 (approximately \$165,000 on an annualized basis and this number will be used for analysis purposes) during the six months ended December 31, 2003. The increase on an annualized basis of approximately \$148,000 results from the following:

- Increase in personnel related costs of approximately \$121,000 resulting from hiring of two full-time sales representatives in our Ottawa, Canada office and a sales consultant in Detroit, Michigan.
- Increase in the costs of doing demonstrations of our product, travel and other expenses of approximately \$28,000 resulting from the increase in personnel.

**Research and development expenses:** Research and development expenses consist primarily of personnel costs and consulting expenses directly associated with the development of our software applications plus an applicable allocation of rent for space occupied by research and development personnel. For the year ended December 31, 2004, we incurred \$381,494 in expenses compared to

\$366,011 (approximately \$732,000 on an annualized basis and this number will be used for analysis purposes) during the six months ended December 31, 2003. The decrease on an annualized basis of approximately \$351,000 results from the following:

- Decrease in stock compensation costs of approximately \$480,000. In 2003, we recorded the initial intrinsic value of stock options granted in 2003 and prior years. In 2004, the impact was minimal as our stock price did not change significantly during the year.
- Decrease in personnel related costs and consultants of approximately \$26,000 due to a decrease in the number of staff in 2004 as more emphasis was put on sales and marketing efforts.
- The above were offset by a decrease in the amount of research and development costs transferred to contracts-in-process and cost of sales due to a decrease in contracts-in-process at December 31, 2004

**Amortization:** Amortization expense was \$15,967 during the year ended December 31, 2004 compared to \$6,682 (approximately \$13,000 on an annualized basis) for the six months ended December 31, 2003.

**Net Loss:** We incurred a loss of \$881,466 (\$0.06 per share) for the year ended December 31, 2004, compared to a loss of \$748,305 (\$0.05 per share) for the six months ended December 31, 2003. Our revenues and future profitability and future rate of growth are substantially dependent on our ability to:

- license our software applications to a sufficient number of clients;
- modify the successful software applications, over time, to provide enhanced benefits to existing users; and
- successfully develop related software applications.

## **Liquidity and Capital Resources**

At December 31, 2004, we had negative working capital of \$861,334, compared to negative working capital of \$641,646 at December 31, 2003. This decrease in working capital occurred primarily as a result of a decrease in accounts receivable and investment tax credits receivable of \$104,364, decrease in deferred revenue net of a decrease in contracts-in-process of \$99,398 offset by increase in promissory notes and other obligations payable of \$120,791. We had \$10,056 of cash on hand at December 31, 2004 compared to \$46,558 at December 31, 2003.

During the period from January 1, 2005 to March 21, 2005, we raised \$15,000 from subscriptions to purchase common shares at \$0.30 per share plus \$163,000 pursuant to 12% promissory notes (net of repayments of \$58,000). These resources are not sufficient to fund ongoing operations. Consequently, the Company will require additional capital and increases to revenue on a profitable basis. The Company cannot be certain that sufficient resources will be available to satisfy its liquidity requirements.

**Net Cash Flow from Operations:** During the year ended December 31, 2004, we used \$601,847 in operations, compared to using \$249,639 during the six months ended December 31, 2003. The use of cash in operations during the year ended December 31, 2004 resulted primarily from a net loss of \$881,466 which was partially offset by depreciation of \$15,967, non-cash interest expense of \$7,002, non-cash compensation expense of \$69,807, loss on extinguishment of debt of \$147,050, non-cash consulting fees of \$38,337 and net change in non-cash working capital of \$1,456. During the six months ended December 31, 2003, the use of cash in operations resulted from a net loss of \$748,305 partially offset by depreciation of \$6,682, non-cash interest of \$8,919, non-cash compensation expense of \$426,693 and a net change in non-cash working capital of \$56,372.

**Net Cash Used in Investing Activities:** During the year ended December 31, 2004, we invested \$8,586 in property and equipment, compared to \$10,591 invested during the six months ended December 31, 2003.

**Net Cash From Financing Activities:** During the year ended December 31, 2004 net cash provided by financing activities was \$581,868 compared to \$225,509 for the six months ended December 31, 2003. During the year ended December 31, 2004, we raised \$192,791 from the issuance of promissory notes (net of repayments of \$79,209) and \$389,077 in proceeds net of cash-based issuance costs for common stock. During the six months ended December 31, 2003 we raised \$71,914 from the issuance of promissory notes (net of repayments of \$4,372) and \$155,655 in proceeds net of cash-based issuance costs for common stock. For information concerning our capital requirements see "Plan of Operations" above.

During the period from January 1, 2005 to March 21, 2005, we raised \$15,000 from subscriptions to purchase common shares at \$0.30 per share plus \$163,000 pursuant to 12% promissory notes (net of repayments of \$58,000).

**Item 7. Financial Statements.**

For the Financial Statements required by Item 7 see the Financial Statements included at the end of this Form 10-KSB.

**Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures.**

None

**Item 8A. Controls and Procedures**

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission.

In connection with the audit of the Company's consolidated financial statements for the year ended December 31, 2004, the Company's independent registered public accounting firm advised the Board of Directors and management of certain significant internal control deficiencies that they considered to be, in the aggregate, a material weakness. These consist of, inadequate staffing and supervision leading to the untimely identification and resolution of certain accounting and disclosure matters and failure to perform timely and effective reviews. The independent registered public accounting firm indicated that they considered these deficiencies to be reportable conditions as that term is defined under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency in one or more of the internal control components that alone or in the aggregate precludes our internal controls from reducing to an appropriately low level of risk that material misstatements in our financial statements will not be prevented or detected on a timely basis. The Company considered these matters in connection with the period-end closing of accounts and preparation of related consolidated financial statements and determined that no prior period financial statements were materially affected by such matters.

The size of the Company has prevented us from being able to employ sufficient resources at this time to enable us to have an adequate level of supervision and segregation of duties within our internal control system. We will continue to monitor and assess the costs and benefits of additional staffing within the Company.

As required by the SEC rules, we have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Report. This evaluation was performed under the supervision and with the participation of the Company's management, including the President & Chief Executive Officer and Vice President Finance, Secretary and Treasurer. Based upon that evaluation, our President & Chief Executive Officer and Vice President Finance, Secretary and Treasurer have concluded that the Company's controls and procedures were not effective as of the end of the period covered by this Report due to inadequate supervision and segregation of duties.

**Item 8B. Other Information.**

None.

**PART III**

**Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.**

The following table sets forth certain information concerning our directors and executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
<b>Edward Munden</b>	<b>54</b>	<b>Director, Chairman, President and Chief Executive Officer</b>

Edward Munden was appointed Director, Chairman, President and Chief Executive Officer of the Company in October 2003. He is a Director of Capital House Corporation ("Capital House"), which he co-founded in February 1989 as an Ottawa based private boutique investment banking organization that has provided and/or arranged early and mid stage venture capital and hands-on managerial assistance to a portfolio of technology software, energy and mining companies. In 1994, Mr. Munden co-founded DevX Energy, Inc. ("DevX") as a Dallas based independent NASDAQ-traded public energy company engaged in the exploration, development and acquisition of oil and natural gas properties. Mr. Munden held senior level positions with DevX including Director, Chairman, President and CEO until it was sold to Comstock Resources, Inc. in December 2001. Prior to his involvement with the Company, Capital House and DevX, Mr. Munden held positions in the mining industry with Eldorado Nuclear Limited from 1980 to 1989, the manufacturing industry with Proctor and Gamble Company of Canada from 1978 to 1980, and the oil and natural gas industry with Union Oil of Canada Limited from 1974 to 1976. Mr. Munden is also a director of Mustang Minerals Corporation and of JML Resources Limited, both mineral exploration companies whose shares are traded on the TSX Venture Exchange in Canada. Mr. Munden is a professional engineer and holds a Bachelor of Science degree in Engineering and a Masters of Business Administration from Queens University in Kingston, Canada.



**Denes Bartakovich**                      **49**                      **Director, Chief Operating Officer & Executive Vice President**

Prior to co-founding DataJungle in 2000, Mr. Bartakovich spent 9 years with Cognos in a variety of management positions. His most recent position at Cognos was Director of Internet Marketing. In this capacity he launched the first Cognos Web site and assumed all responsibilities related to leveraging the Web as a business medium and sales engine. Mr. Bartakovich's team included Web application developers and his role included the advancement of Cognos Web technologies. While at Cognos, Mr. Bartakovich pioneered the idea of reaching a mass business audience over the Web by bundling business intelligence software with data from leading data vendors. These data solutions have been featured on CNBC, in Fortune magazine, and many other broadcast and print media outlets. Mr. Bartakovich holds a B.A. (Hons.) from Carleton University and an M.B.A. from the University of Toronto.

**Don Carter**                                  **54**                      **Director, Vice President**

Prior to joining DataJungle, Mr. Carter was a Vice President with Nesbitt Burns in Ottawa where he acted as an investment advisor for 12 years. Mr. Carter has deep expertise in the financial services sector as well as extensive contacts in that sector. Prior to Nesbitt Burns, he held a number of positions with the Government of Canada. Mr. Carter holds a B.Sc. from McGill University.

**Robert Lendvai**                              **42**                      **Director**

Mr. Lendvai is currently Vice President, Marketing for Activplant Corporation in London, Ontario, a world leader in enterprise manufacturing intelligence. Mr. Lendvai has over 16 years management experience at global technology leaders Cognos, Business Objects, Corel and Jetform. Immediately prior to Activplant, he was vice president, marketing at Internet security provider Kyberpass Corporation in Ottawa, Ontario. Mr. Lendvai holds a Bachelor of Applied Arts degree from Toronto's Ryerson University.

**Thomas Parkinson**                          **45**                      **Director**

Mr. Parkinson is currently Senior Vice President and Chief Technology Officer for Peapod, Inc., an on-line grocery store, which was sold to Royal Ahold. Mr. Parkinson co-founded Peapod in 1989. Prior to Peapod, he was co-founder of Resource Control Systems, a Unix relational database company and in sales management with Procter & Gamble. Mr. Parkinson holds a Master in Industrial Design from the Pratt Institute and a B. A. from Wesleyan University.

**Robert Taylor**                                **41**                      **Vice President, Sales**

Mr. Taylor joined DataJungle in early 2004 and is responsible for global sales and services strategy and execution. Mr. Taylor has over 16 years of experience in enterprise software sales including various technical and executive sales positions at IBM Canada, Cognos Inc. and Business Objects S.A. He holds a Bachelor of Science degree from the University of Waterloo.

**Tim Titus**                                        **45**                      **Vice President, Data Services**

Mr. Titus is responsible for directing overall sales for the commercial data industry with special focus on the automotive sector. Prior to joining DataJungle, he worked at R.L. Polk & Co., the world's leading

provider of market data for the automotive industry where he was responsible for the General Motors account. Mr. Titus also spent over 10 years with Ford Motor Company where he held a variety of management positions in sales and marketing. He has a Bachelor in Business Administration from West Virginia University and a Masters of Business Administration from Ohio University.

<b>Larry Bruce</b>	<b>46</b>	<b>Vice President Finance, Secretary &amp; Treasurer</b>
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Mr. Bruce has been with DataJungle since 2000. Prior to joining DataJungle, Mr. Bruce spent 11 years as Vice President Finance of a diverse group of real estate companies with operations in Ottawa and Washington and investments in various other companies including high technology. He was one of the original investors in Autoskill International Inc., an Ottawa based developer of educational software. Mr. Bruce was also a manager in the Entrepreneurial Services Group of Ernst & Young and has over 5 years of public accounting experience in both the Ottawa and Toronto offices handling a diverse client base ranging from owner managed business to public companies. Mr. Bruce is a Chartered Accountant, Certified Management Accountant and Certified Public Accountant (Illinois) and holds a B.B.A. (Hons.) from Bishop's University.

<b>Robert Poole</b>	<b>42</b>	<b>Vice President</b>
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Prior to co-founding DataJungle in 2000, Mr. Poole was with Cognos. While at Cognos, he was instrumental in establishing key partnerships with the Nasdaq Stock Market, Thomson Financial and Fortune magazine. Prior to joining Cognos, he co-founded an online information service. Mr. Poole is a Chartered Accountant and has extensive experience in the development of financial models and the processes of translating raw data into business reporting solutions. He holds a B.Sc. and a B.Comm., both from the University of Ottawa.

Each of our officers serves a term of one year or until his successor is appointed.

#### **Audit Committee Financial Expert**

The SEC has adopted rules to implement certain requirements of the Sarbanes-Oxley Act of 2002 pertaining to public company audit committees. One of the rules adopted by the SEC requires a company to disclose whether it has an "audit committee financial expert" serving on its audit committee. Our board of directors has not yet established an audit committee. As such, our board has not yet appointed an audit committee financial expert. At this time, our board of directors believes it would be desirable to have an audit committee, and for the audit committee to have an audit committee financial expert serving on the committee. While informal discussions as to potential candidates have occurred, at this time no formal search process has commenced.

#### **Code of Ethics Policy**

We have not yet adopted a code of ethics policy because of the early stages of operations. We intend to adopt a code of ethics policy in the future.

## **Compliance with Section 16(a) of The Securities Exchange Act of 1934**

As of the date of this Form 10-KSB, to our knowledge, based solely on a review of such materials as are required by the Securities and Exchange Commission, all of our officers, directors or beneficial holders of more than ten percent of our issued and outstanding shares of common stock have filed with the Securities and Exchange Commission forms or reports required to be so filed pursuant to Section 16(a) of the Securities Exchange Act of 1934.

### **Item 10. Executive Compensation.**

The following table shows all the cash compensation paid or to be paid by us or our subsidiaries, as well as certain other compensation paid or accrued, during the fiscal years indicated, to our president and chief executive officer. There were no other executive officers whose total annual salary and bonus exceeded \$100,000 in all capacities in which the person served.

#### **Summary Compensation Table**

Annual Compensation					Long Term Compensation			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensa- tion (\$)	Restricted Stock Award (\$)	Securities Underlying Options/ SARs (\$)	LTIP Payouts (\$)	All Other Compensa- tion
Munden, Edward Director, Chairman, President and Chief Executive Officer *	2004	\$41,173	0	0	0	500,000	0	\$26,705
	2003	0	0	0	0	0	0	0

\* Became Director, President and CEO in October, 2003. The \$26,705 in other compensation is for consulting fees billed by a corporation controlled by Mr. Munden.

The following table sets forth information with respect to the executive officer listed above, concerning the grants of options and Stock Appreciation Rights ("SAR") during the past fiscal year:

#### **Option/SAR Grants In Last Fiscal Year**

Name	Number of Securities Underlying Options/SARs Granted	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date
Munden, Edward	167,000	6.36%	\$0.51	June 14, 2010
Munden, Edward	167,000	6.36%	\$0.51	June 14, 2011
Munden, Edward	166,000	6.32%	\$0.51	June 14, 2012

The following table sets forth information with respect to those executive officers listed above, concerning exercise of options during the last fiscal year and unexercised options and SARs held as of the end of the fiscal year:

**Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Values**

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Options/SARs at FY-End (\$) Exercisable/Unexercisable
Munden, Edward	0	0	500,000	\$60,000

The following table sets forth information with respect to our President and Chief Executive Officer concerning awards under long term incentive plans during the last fiscal year:

**Long-Term Incentive Plans – Awards In Last Fiscal Year**

Name	Number of Shares, Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts under Non- Stock Price Based Plans.		
			Threshold (\$ or #)	Target (\$ or #)	Maximum (\$ or #)
Munden, Edward	0	0	0	0	0

Directors are not compensated for acting in their capacity as directors. Directors are awarded options to purchase common shares in the Company. As at December 31, 2004, Directors held a total of 1,221,000 options. Directors are reimbursed for their accountable expenses incurred in attending meetings and conducting their duties.

There is a legal agreement in place for the Vice President, Sales and the Vice President, Data Services. There is no employment agreement between us and any of the other executive officers. See “Part 1. Item 1. Description of Business; Risk Factors-Dependence on Key Personnel.”

**Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table sets forth information as of March 21, 2005, with respect to any person known by us to own beneficially more than 5% of our common stock; common stock beneficially owned by each of our officers and directors named in Item 10; and the amount of common stock beneficially owned by our officers and directors as a group.

<u>Name &amp; Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Approximate Percent of Common Stock Outstanding (1)</u>
Edward Munden (2,3,4,5, 10) 30 Metcalfe Street, Suite 620 Ottawa, Ontario, K1P 5L4	4,903,603	28.4%
Denes Bartakovich (2,3,8, 10) 92 Blackshire Circle Ottawa, Ontario, K2J 3M5	2,417,483	14.0%
Larry Bruce (3,6) 75 Stinson Avenue Nepean, Ontario, K2H 6N6	975,613	5.6%
Don Carter (2,3,4,7) 37 Marble Arch Crescent Nepean, Ontario, K2G 5S7	5,066,475	29.3%
Robert Poole (3,8, 10) 941 Black Road Oxford Station, Ontario, K0G1T0	2,403,953	13.9%
Warren Ponvert Junior 5704 Gloster Road Bethesda, MD, 20816	1,968,573	11.4%
Thomas Parkinson (2, 11) 211 Birch Street Winnetka, IL, 60093	182,500	1.1%
Robert Lendvai (2,9) 140 Fullarton, 9th Floor London, Ontario, N6A 5P2	194,594	1.1%
Capital House Corporation (4) 30 Metcalfe Street, Suite 620 Ottawa, Ontario, K1P 5L4	4,309,302	24.9%
Robert Taylor (3, 12) 3 Kintail Court Stittsville, Ontario K2S 1G8	300,000	1.7%
All executive officers and Directors as a group	12,134,919	70.2%

1. Based on 17,281,173 shares of common stock issued and outstanding as at March 21, 2005 and includes for each person, the shares issuable upon exercise of options and convertible debt held by them.

2. Director.

3. Executive Officer.

4. Includes 4,309,302 shares of common stock issuable upon conversion of a convertible promissory note held in the name of Capital House Corporation (the Note). Capital House Corporation, Edward Munden and Don Carter have an undivided beneficial interest in the Note together with other persons who are not officers, directors or affiliates of the Company. Accordingly, the 4,309,302 shares have been included as beneficially owned by each of the foregoing named persons and by all executive officers and Directors as a group.

5. Includes 94,301 shares of common stock held by spouse.

6. Includes 520,000 options to purchase common stock and 240,000 shares of common stock held by family members.

7. Includes 757,173 shares of common stock held by a family trust.

8. Held by a family trust.

9. Includes 121,000 options to purchase common stock.

10. Includes 500,000 options to purchase common stock.

11. Includes 100,000 options to purchase common stock.

12. Includes 300,000 options to purchase common stock.

**Item 12. Certain Relationships and Related Transactions.**

During the year ended December 31, 2004, the Company incurred \$26,705 in expenses for services rendered by a corporation controlled by an officer and director of the Company. During the six months ended December 31, 2003, there were no related party transactions.

**Item 13. Exhibits and Reports on Form 8-K.**

Exhibit No.	Document Description
3.a	Articles of Incorporation (1)
3.b	Amendment to Articles of Incorporation (1)
3.c	By-Laws (1)
4.a	Form of 12% Promissory Note
4.b	Form of Convertible Debenture
4.c	Form of Common Stock Purchase Warrant – Series A
4.d	Form of Common Stock Purchase Warrant – Series B
10.a	Share Option Plan (1)
10.b	Consulting Agreement dated November 22, 2004
10.c	Consulting Agreement dated January 1, 2005
21.a	List of Subsidiaries (1)
31.a	Certification of President & Chief Executive Officer Pursuant to Section 302
31.b	Certification of Vice President Finance, Secretary & Treasurer Pursuant to Section 302
32.a	Certification of President & Chief Executive Officer Pursuant to Section 906
32.b	Certification of Vice President Finance, Secretary & Treasurer Pursuant to Section 906
(1)	Previously filed as an Exhibit to our Annual Report on Form 10-KSB for the six months ended December 31, 2003 , SEC file 001-05996 , filed on April 30, 2004 and incorporated herein by reference

**Reports on Form 8-K**

The Company filed a Form 8-K on November 24, 2004 disclosing an agreement to issue 3,000,000 warrants to purchase common shares of the Company at \$0.50 per share expiring on December 31, 2009 pursuant to an agreement with an unrelated party for consulting services.

**Item 14. Principal Accountant Fees and Services**

The Company's board of directors reviews and approves audit and permissible non-audit services performed by the authorized independent public accountants as well as the fees charged by the authorized independent public accountants for such services. In its review of non-audit service fees and its appointment of the authorized independent public accountants as the Company's independent accountants, the board of directors considered whether the provision of such services is compatible with maintaining the authorized independent public accountants independence. All of the services provided and fees charged by the authorized independent public accountants in 2004 were pre-approved by the board of directors.

### ***Audit Fees***

The aggregate fees billed by the authorized independent public accountants for professional services for the audit of the annual financial statements of the Company and the reviews of the financial statements included in the Company's quarterly reports on Form 10-QSB for the year ended December 31, 2004 and the six months ended December 31, 2003 were \$52,413 and \$15,426 respectively.

### ***Audit-Related Fees***

There were no other fees billed by the authorized independent public accountants during the last two fiscal periods for assurance and related services that were reasonably related to the performance of the audit or review of the Company's financial statements and not reported under "Audit Fees" above.

### ***Tax Fees***

The aggregate fees billed by the authorized independent public accountants during the last two fiscal periods for professional services rendered by the authorized independent public accountants for tax compliance for the year ended December 31, 2004 and the six months ended December 31, 2003 were \$12,063 and \$1,311, respectively.

### ***All Other Fees***

There were no other fees billed by the authorized independent public accountants for products and services provided by authorized independent public accountants.

Consolidated Financial Statements of

## **DATAJUNGLE SOFTWARE INC.**

Year ended December 31, 2004, six months ended

December 31, 2003 and year ended June 30, 2003





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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
DataJungle Software Inc.

We have audited the accompanying consolidated balance sheets of DataJungle Software Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' deficiency and comprehensive loss and cash flows for the year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 DataJungle Software Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2(a) to the consolidated financial statements, the Company has negative working capital at December 31, 2004 and has incurred a loss for the year and the previous six month period, as well as negative cash flow from operating activities in the same periods. The Company has accumulated a deficit which results in a deficiency in stockholders' equity and its economic viability is dependent on its ability to generate additional sales and finance operational expenses which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2(a). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Chartered Accountants

Ottawa, Canada  
March 21, 2005

# DATAJUNGLE SOFTWARE INC.

## Consolidated Balance Sheets

December 31, 2004 and 2003

(In U.S. dollars)

	December 31, 2004	December 31, 2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,056	\$ 46,558
Accounts receivable (note 4)	83,405	55,896
Investment tax credits receivable	42,563	174,436
Contracts-in-process	—	203,617
Prepaid expenses	9,688	6,812
	145,712	487,319
Property and equipment (note 5)	15,181	21,319
	\$ 160,893	\$ 508,638
=====		
<b>Liabilities and Stockholders' Deficiency</b>		
Current liabilities:		
Accounts payable (notes 6 and 8)	\$ 130,865	\$ 124,952
Accrued liabilities (note 7)	219,115	198,026
Promissory notes and other obligations payable (note 9)	196,000	75,209
Promissory note payable to related party (note 10)	456,905	423,602
Deferred revenue	4,161	307,176
	1,007,046	1,128,965
Stockholders' deficiency (note 11):		
Preferred stock, \$0.001 par value. Authorized 10,000,000 shares; issued and outstanding Nil shares at December 31, 2004 and December 31, 2003	—	—
Common stock, \$0.001 par value. Authorized 300,000,000; issued and outstanding 17,281,173 shares at December 31, 2004 and 15,190,946 shares at December 31, 2003	17,281	15,191
Share subscriptions received	35,000	69,450
Additional paid-in capital	2,122,346	1,394,350
Accumulated other comprehensive loss	(183,180)	(143,184)
Deficit	(2,837,600)	(1,956,134)
	(846,153)	(620,327)
Basis of presentation (note 2(a))		
Guarantees and commitments (note 15)		
Subsequent events (note 20)		
	\$ 160,893	\$ 508,638
=====		

See accompanying notes to consolidated financial statements.

# DATAJUNGLE SOFTWARE INC.

## Consolidated Statements of Operations

For the year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Revenues:			
Products	\$ 190,663	\$ 14,914	\$ 96,994
Services	410,465	1,551	47,559
	601,128	16,465	144,553
Cost of revenues:			
Cost of products	97,005	13,925	50,346
Cost of services	169,901	3,451	12,053
	266,906	17,376	62,399
Gross profit (loss)	334,222	(911)	82,154
Expenses:			
General and administrative (note 8)	344,702	280,591	155,646
Research and development (note 12)	381,494	366,011	70,047
Sales and marketing	313,371	82,365	115,218
Depreciation of property and equipment	15,967	6,682	32,070
	1,055,534	735,649	372,981
	(721,312)	(736,560)	(290,827)
Other income (expenses):			
Interest income	4,243	556	2,113
Interest expense	(7,516)	(11,836)	(60,570)
Loss on extinguishment of debt (note 9)	(147,050)	—	—
Foreign exchange loss	(9,831)	(465)	44,026
	(160,154)	(11,745)	(14,431)
Net loss	\$ (881,466)	\$ (748,305)	\$ (305,258)
Loss per common share - basic and diluted (note 14)	\$ 0.06	\$ 0.05	\$ 0.02
Weighted average common shares outstanding	15,935,410	14,006,277	12,708,293

See accompanying notes to consolidated financial statements.

# DATAJUNGLE SOFTWARE INC.

## Consolidated Statements of Changes in Stockholders' Deficiency and Comprehensive Loss

For the year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

	Number	Common stock amount	Share subscriptions received	Additional paid-in capital	Deficit	Accumulated other comprehensive loss	Total
Balances at June 30, 2002	12,062,239	\$ 391,421	\$ —	\$ —	\$ (902,571)	\$ (16,772)	\$ (527,922)
Issued for cash	860,620	542	—	—	—	—	542
Comprehensive loss:							
Net loss	—	—	—	—	(305,258)	—	(305,258)
Currency translation adjustment	—	—	—	—	—	(102,809)	(102,809)
Comprehensive loss							(408,067)
Balances at June 30, 2003	12,922,859	391,963	—	—	(1,207,829)	(119,581)	(935,447)
Effect of recapitalization (note 3)	(11,013,330)	(390,054)	—	390,054	—	—	—
Issued for cash at \$0.30 per share	345,001	345	—	103,155	—	—	103,500
Issued on acquisition of Quad Metals Corporation	7,753,719	7,754	—	(5,674)	—	—	2,080
Issued on conversion of debt	5,182,697	5,183	—	497,417	—	—	502,600
Subscriptions for common stock at \$0.30 per share	—	—	69,450	—	—	—	69,450
Share Issuance costs	—	—	—	(17,295)	—	—	(17,295)
Stock options issued to non- employees and modification of options issued to non-employees (note 11)	—	—	—	77,717	—	—	77,717
Stock options issued to employees and modification of options issued to employees (note 11)	—	—	—	348,976	—	—	348,976
Comprehensive loss:							
Net loss	—	—	—	—	(748,305)	—	(748,305)
Currency translation adjustment	—	—	—	—	—	(23,603)	(23,603)
Comprehensive loss							(771,908)
Balances at December 31, 2003	15,190,946	15,191	69,450	1,394,350	(1,956,134)	(143,184)	(620,327)
Issued for cash at \$0.30 per share	1,291,669	1,292	—	386,208	—	—	387,500
Issued at \$0.30 per share for subscriptions received in prior year	231,500	231	(69,450)	69,219	—	—	—
Issued at \$0.87 per share on extinguishment of debt (note 9)	257,983	258	—	224,187	—	—	224,445
Issued at \$0.87 per share for services	309,075	309	—	268,586	—	—	268,895
Subscriptions for 116,667 shares of common stock at \$0.30 per share	—	—	35,000	—	—	—	35,000
Share issuance costs	—	—	—	(290,011)	—	—	(290,011)
Stock options issued to employees and modification of options issued to employees (note 11)	—	—	—	67,868	—	—	67,868
Stock options issued to non- employees and modification of options issued to non-employees (note 11)	—	—	—	1,939	—	—	1,939
Comprehensive loss:							
Net loss	—	—	—	—	(881,466)	—	(881,466)
Currency translation adjustment	—	—	—	—	—	(39,996)	(39,996)
Comprehensive loss							(921,462)
Balances at December 31, 2004	17,281,173	\$ 17,281	\$ 35,000	\$ 2,122,346	\$(2,837,600)	\$ (183,180)	\$ (846,153)

See accompanying notes to consolidated financial statements.

# DATAJUNGLE SOFTWARE INC.

## Consolidated Statements of Cash Flows

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Cash flows from operating activities:			
Net loss	\$ (881,466)	\$ (748,305)	\$ (305,258)
Items not involving cash:			
Depreciation of property and equipment	15,967	6,682	32,070
Interest expense	7,002	8,919	59,435
Compensation expense	69,807	426,693	—
Consulting fees	38,337	—	—
Loss on extinguishment of debt	147,050	—	—
Change in non-cash operating working capital (note 18)	1,456	56,372	(59,160)
Net cash used in operating activities	(601,847)	(249,639)	(272,913)
Cash flows from investing activities:			
Purchase of property and equipment	(8,586)	(10,591)	(20,595)
Acquisition of DataJungle Software Inc., net of cash received (note 3)	—	2,220	—
Net cash used by investing activities	(8,586)	(8,371)	(20,595)
Cash flows from financing activities:			
Proceeds from promissory notes and other obligations payable	272,000	42,000	418,891
Payments of promissory notes and other obligations payable	(79,209)	(632)	—
Proceeds from promissory note payable to related party	—	34,286	—
Payments of promissory note payable to related party	—	(3,740)	—
Repayment of capital lease obligation	—	(2,060)	(7,079)
Issuance of common stock for cash	387,500	103,500	542
Share issuance costs	(33,423)	(17,295)	—
Share subscriptions received	35,000	69,450	—
Net cash provided by financing activities	581,868	225,509	412,354
Effects of exchange rates on cash and cash equivalents	(7,937)	(7,888)	(38,035)
Net decrease in cash and cash equivalents	(36,502)	(40,389)	80,811
Cash and cash equivalents, beginning of period	46,558	86,947	6,136
Cash and cash equivalents, end of period	\$ 10,056	\$ 46,558	\$ 86,947
Supplemental cash flow information:			
Interest paid	\$ 3,555	\$ 25,525	\$ 1,135

See accompanying notes to consolidated financial statements.

# DATAJUNGLE SOFTWARE INC.

## Notes to Consolidated Financial Statements

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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### 1. General:

DataJungle Software Inc. (the "Company") was incorporated in the State of Washington on June 5, 1968 as Quad Metals Corporation ("Quad"). Quad became a Nevada incorporated company on December 11, 2002 when it merged with its wholly owned subsidiary. The Company was renamed to DataJungle Software Inc. on November 18, 2003. The Company is a developer of web-based enterprise-class business intelligence software solutions that translate business data into interactive tables, charts and maps. These solutions consist of modules of functionality that can be assembled to the specific requirements of the customer and customized to the needs of each user class within the customer's business.

### 2. Summary of significant accounting policies:

#### (a) Basis of presentation:

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America and include the accounts of DataJungle Software Inc. and its wholly-owned subsidiary, DataJungle Ltd. All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements have been prepared assuming that the Company will continue as a going concern. The Company has minimal revenues, negative working capital of \$861,334 as at December 31, 2004, and has incurred a loss of \$881,466 and negative cash flow from operations of \$601,847 for the year then ended. As of December 31, 2004, the Company has an accumulated deficit of \$2,837,600 which results in a stockholders' deficiency of \$846,153. In addition, the Company expects to continue to incur operating losses for the foreseeable future and has no lines of credit or other financing facilities in place. To date, the Company has been able to finance its operations on a month-to-month basis from investors who recognize the advancement of the Company's activities.

All of the factors above raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these issues include raising capital through the private placement of equity and renegotiating the repayment terms of accounts payable, accrued liabilities and promissory notes payable. The Company's ability to continue as a going concern is subject to management's ability to successfully implement the above plans. Failure to implement these plans could have a material adverse effect on the Company's position and or results of operations and may result in ceasing operations. The consolidated financial statements do not include adjustments that would be required if the going concern assumption was not appropriate and consequently that the assets are not realized and the liabilities settled in the normal course of operations.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 2. Summary of significant accounting policies (continued):

### (a) Basis of presentation (continued):

Even if successful in obtaining financing in the near term, the Company cannot be certain that cash generated from its future operations will be sufficient to satisfy its liquidity requirements in the longer term and it may need to continue to raise capital by selling additional equity or by obtaining credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products, the level of its promotional activities and advertising required to generate product sales. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favourable to the Company.

### (b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Significant management estimates include assumptions used in estimating investment tax credits receivable. Receipt of these credits is dependent on review and acceptance of the eligibility of expenditures by taxing authorities in Canada.

### (c) Comprehensive loss:

Comprehensive loss includes the net loss and other comprehensive loss ("OCL"). OCL refers to changes in net assets from transactions and other events and circumstances other than transactions with stockholders. These changes are recorded directly as a separate component of stockholders' deficiency and excluded from net loss. The only comprehensive loss item for the Company relates to foreign currency translation adjustments pertaining to the translation of the financial statements of the Company's subsidiary, from Canadian dollars, the functional currency of the subsidiary, to U.S. dollars, the reporting and functional currency of the Company.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 2. Summary of significant accounting policies (continued):

### (d) Foreign currency translation:

The consolidated financial statements of the Company include the accounts of the Company in U.S. dollars and the accounts of its wholly owned subsidiary, translated into U.S. dollars using Financial Accounting Standards Board's Statement No. 52, "Foreign Currency Translation" for the translation of foreign currency operations. The financial statements of the Company's subsidiary are measured using the Canadian dollar as its functional currency. Assets and liabilities have been translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Revenues and expenses have been translated into U.S. dollars using the average exchange rate for the period. Gains and losses have been reported as a separate component of accumulated other comprehensive loss.

### (e) Revenue recognition:

For contracts requiring significant customization or services, the Company recognizes revenue using the completed contract method in accordance with the guidance in Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". Under the completed contract method, revenue is recognized in the period when all substantial obligations of the Company under the terms and conditions of a contract have been satisfied. Cash receipts received in advance of the recognition of revenue and rights to advance payments are recorded in the balance sheet as deferred revenue. Labor costs associated with a contract that has not been recognized as revenue are capitalized in the balance sheet as contracts in process. A provision for contract losses is recognized as soon as the losses become evident.

For sales of product licenses, the Company recognizes revenue in accordance with Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-9, "Software Revenue Recognition with Respect to Certain Transactions", issued by the American Institute of Certified Public Accountants. Revenue from sale of product licenses is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

Revenue from product support contracts is recognized ratably over the life of the contract. Revenue from services is recognized at the time such services are rendered.



# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 2. Summary of significant accounting policies (continued):

### (e) Revenue recognition (continued):

For contracts with multiple elements such as product licenses, product support and services, the Company follows the residual method whereby revenue is recognized when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one of the delivered elements in the arrangement. The Company allocates revenue to each element in a multiple element arrangement based on its respective fair value, with the fair value determined by the price charged when that element is sold separately. The Company defers revenue for the fair value of its undelivered elements (e.g., professional services and maintenance) and recognizes revenue for the remainder of the arrangement fee attributable to the delivered elements (i.e., software product) when the basic criteria in SOP 97-2 have been met.

### (f) Cash equivalents:

The Company considers cash equivalents to be highly liquid investments with original maturities of three months or less and restricted cash as it is available for use for current purposes.

### (g) Property and equipment:

Property and equipment is stated at cost less accumulated depreciation. Property under capital lease is initially recorded at the present value of the minimum lease payments at the inception of the lease. Depreciation is provided over the estimated useful lives of the underlying assets on a straight-line basis using the following annual rates:

Asset	Useful life
Office equipment	3 years
Computer hardware	3 years
Computer software	2 years

### (h) Leases:

Leases are classified as either capital or operating in nature. Capital leases are those which substantially transfer the benefits and risk of ownership to the Company. Assets acquired under capital leases are depreciated at the same rates as those described in note 2(g). Obligations recorded under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 2. Summary of significant accounting policies (continued):

### (i) Research and development:

Costs related to research, design and development of software products are charged to research and development expense as incurred unless they meet generally accepted criteria for deferral and amortization. Software development costs incurred prior to the establishment of technological feasibility do not meet these criteria and are expensed as incurred. Research costs are expensed as incurred. To date, the Company has not capitalized any software development costs.

### (j) Investment tax credits:

Investment tax credits are accounted for using the cost reduction approach whereby they are recorded as a reduction of the related expense or the cost of the assets acquired when there is reasonable assurance that they will be realized.

### (k) Government assistance:

Government assistance is recorded as a reduction of the related expense or the cost of the assets acquired. Government assistance is recorded in the accounts when reasonable assurance exists that the Company has complied with the terms and conditions of the approved grant program.

### (l) Advertising:

Advertising costs are expensed as incurred. Advertising costs amounted to \$Nil for the year ended December 31, 2004 (six months ended December 31, 2003 - \$Nil) (year ended June 30, 2003 - \$24,000).

### (m) Income taxes:

Deferred income taxes are determined using the asset and liability method, whereby deferred income tax is recognized on temporary differences using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Temporary differences between the carrying values of assets or liabilities used for tax purposes and those used for financial reporting purposes arise in one period and reverse in one or more subsequent periods. In assessing the realizability of deferred tax assets, management considers known and anticipated factors impacting whether some portion or all of the deferred tax assets will not be realized. To the extent that the realization of deferred tax assets is not considered to be more likely than not, a valuation allowance is provided.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 2. Summary of significant accounting policies (continued):

### (n) Stock-based compensation:

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations including FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation an interpretation of APB Opinion No. 25", to account for its stock options for employees. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123," established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As permitted by existing accounting standards, the Company has elected to continue to apply the intrinsic-value based method of accounting described above, and has adopted only the disclosure requirements of SFAS 123, as amended.

The following table illustrates the effect on net loss if the fair value-based method had been applied to all outstanding and unvested awards in each period.

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Net loss, as reported	\$ (881,466)	\$ (748,305)	\$ (305,258)
Add stock-based employee compensation expense included in reported net loss	67,868	348,976	–
Deduct total stock-based employee compensation expense determined under fair-value-based method for all awards	(429,536)	(718,149)	–
Pro forma net loss	\$ (1,243,134)	\$ (1,117,478)	\$ (305,258)
Earnings per share:			
Basic and diluted – as reported	\$ 0.06	\$ 0.05	\$ 0.02
Basic and diluted – pro forma	0.08	0.08	0.02

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 2. Summary of significant accounting policies (continued):

### (o) Impairment or disposal of long-lived assets:

The Company accounts for impairment or disposal of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its undiscounted estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

### (p) Recently issued accounting standards:

In December 2004, the FASB issued FASB Statement 123 (revised 2004), "Share-Based Payment", which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. This Statement is a revision to Statement 123 and supersedes APB Opinion No. 25 "Accounting for Stock Issued to Employees" and its related implementation guidance. This Statement will require measurement of the cost of employee services received in exchange for stock compensation based on the grant-date fair value of the employee stock options. Incremental compensation expense arising from subsequent modification of awards after the grant date must be recognized. This Statement will be effective for the Company as of January 1, 2006.

## 3. Reverse acquisition:

Effective October 1, 2003, the Company acquired 100% of the issued and outstanding shares of DataJungle Ltd. This transaction has been treated as a recapitalization of DataJungle Software Inc. by DataJungle Ltd., effectively as if DataJungle Ltd. had issued shares for consideration equal to the net monetary assets of DataJungle Software Inc.

Under reverse acquisition accounting, the consolidated financial statements of the entity are considered a continuation of the financial statements of DataJungle Ltd. As such, the net assets of DataJungle Ltd. have remained at their carrying value and the net assets of DataJungle Software Inc., which only included cash and nominal liabilities, have been recorded at their fair value. The transaction is presented as a recapitalization transaction in stockholders' deficiency.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 3. Reverse acquisition (continued):

The fair value of the assets and liabilities of DataJungle Software Inc. acquired were as follows:

Assets acquired:

Cash	\$	2,220
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Liabilities assumed:

Accounts payable		(140)
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	\$	2,080
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Consideration given:

7,753,719 common shares	\$	2,080
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## 4. Accounts receivable:

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	December 31, 2004	December 31, 2003
Trade accounts receivable	\$ 82,037	\$ 51,430
Other	1,368	4,466
	<hr/>	<hr/>
	\$ 83,405	\$ 55,896

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All trade accounts receivable are due in U.S. dollars.

## 5. Property and equipment:

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	Cost	Accumulated depreciation	December 31, 2004 Net book value
Office equipment	\$ 6,171	\$ 4,765	\$ 1,406
Computer hardware	30,966	21,706	9,260
Computer software	9,956	5,441	4,515
	<hr/>	<hr/>	<hr/>
	\$ 47,093	\$ 31,912	\$ 15,181

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# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 5. Property and equipment (continued):

			December 31, 2003
	Cost	Accumulated depreciation	Net book value
Office equipment	\$ 5,195	\$ 2,598	\$ 2,597
Computer hardware	27,091	10,528	16,563
Computer software	2,591	432	2,159
	\$ 34,877	\$ 13,558	\$ 21,319

## 6. Accounts payable:

	December 31, 2004	December 31, 2003
Trade accounts payable	\$ 16,659	\$ 21,045
Professional fees	56,002	86,507
Advertising fees	4,000	4,000
Employee related payables	37,738	4,141
Other	16,466	9,259
	\$ 130,865	\$ 124,952

## 7. Accrued liabilities:

	December 31, 2004	December 31, 2003
Employee related accruals	\$ 56,200	\$ 87,147
Interest	82,937	76,215
Professional fees	42,338	23,499
Consulting fees	25,287	—
Financing fees	6,248	5,505
Rent	6,105	5,660
	\$ 219,115	\$ 198,026

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 8. Related Parties Transactions

Included in accounts payable is \$26,705 due to a corporation controlled by an officer and director of the Company for consulting services. For the year ended December 31, 2004, \$26,705 (2003 - \$Nil) has been included in general and administrative expenses.

## 9. Promissory notes and other obligations payable:

	December 31, 2004	December 31, 2003
Repayable contribution from the Government of Canada, payable on demand, unsecured (note 9(a))	\$ —	\$ 33,209
Promissory note, payable on demand, bearing interest at 12% per annum (note 9(b))	—	42,000
Promissory notes, payable on demand, bearing interest at 12% per annum, secured by an assignment of accounts receivable (note 9(c))	196,000	—
	\$ 196,000	\$ 75,209

Additional terms and conditions related to the promissory notes and other obligations payable are as follows:

- (a) The Company received assistance for certain of its operating costs from the Government of Canada in the form of a repayable, non-interest bearing contribution. Originally, the repayable contribution from the Government of Canada was repayable in five equal annual instalments commencing on July 1, 2004. However, in January 2003, the Company breached a condition of the agreement with the Government of Canada which required the Company to be located in the Province of Quebec. As a result of this breach, the Government of Canada had the right to charge interest on the amount outstanding and require that the Company provide security and to demand immediate repayment. As a consequence, the Company accrued interest on the amount outstanding at rates prescribed by the Government of Canada (ranging from 5.25% to 6.5% per annum) and classified the repayable contribution as a current liability. This obligation together with accrued interest was repaid in March, 2004.
- (b) In February, 2004, the Company received an additional \$30,000 in exchange for a promissory note. In August, 2004, the Company issued 257,983 shares of common stock at \$0.87 per share in exchange for the \$72,000 advanced under the promissory note and accrued interest of \$5,395. The Company incurred a loss of \$147,050 on the extinguishment of this debt.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 9. Promissory notes and other obligations payable (continued):

- (c) During 2004, the Company received cash consideration of \$242,000 in exchange for 12% promissory notes and repaid \$46,000 to the lender. Accrued interest of \$2,074 has been included in accrued liabilities at December 31, 2004.

## 10. Promissory note payable to related party:

	December 31, 2004	December 31 2003
Promissory note, payable on seven days notice, no fixed repayment terms, bearing interest at 10% per annum compounded semi-annually until September 16, 2003 and non-interest bearing thereafter, convertible at the option of the holder into common stock of the Company at any time and secured by a general security agreement representing a first floating charge on all assets of the Company	\$ 456,905	\$ 423,602
	\$ 456,905	\$ 423,602

Under the terms of the promissory note, the Company can repay all amounts of principal and interest at any time without penalty or bonus. The promissory note is denominated in Canadian dollars. In accordance with the terms of a Memorandum of Agreement dated February 21, 2003, the lender has a right to convert all amounts of principal and interest to common stock of the Company at the rate of one common share for each \$0.15 Canadian of debt converted or at such lower rate paid by any third party dealing at arm's length with the Company. In addition, as long as at least \$100,000 Canadian of principal and interest is outstanding, the lender has certain rights related to management and direction of the Company. Included in accrued liabilities is \$80,861 (December 31, 2003 – \$74,967) in accrued interest on this note. The lender has agreed that the promissory note together with accrued interest would be convertible, at the lender's option, into 4,009,302 common shares of the Company. On December 15, 2003, the lender advanced an additional \$34,286 under the terms of the promissory note as amended which may be converted, at the lender's option, into 300,000 common shares of the Company.



# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 11. Stockholders' deficiency:

### (a) Common stock transactions:

During the year ended December 31, 2004, the Company received \$422,500 from investors pursuant to subscription agreements to purchase 1,408,336 shares of common stock at \$0.30 per share and issued 1,291,669 common shares. At December 31, 2004, \$35,000 remains in share subscriptions received within stockholders' deficiency. Share issuance costs of \$290,011, of which \$33,423 were paid in cash and \$256,588 were paid through the issuance of 294,075 common shares, were incurred and recorded as a debit to additional paid-in capital.

During the year ended December 31, 2004, the Company issued 231,500 common shares in exchange for \$69,450 of share subscriptions received during 2003.

In addition, in August, 2004, the Company issued 257,983 shares of common stock at \$0.87 per share in exchange for a promissory note in the amount of \$72,000 and accrued interest of \$5,395. The Company incurred a loss of \$147,050 on the extinguishment of this debt.

During 2004, the Company issued 15,000 common shares in exchange for consulting services rendered. \$13,050 has been included in general and administrative expenses.

### (b) Warrants:

On November 22, 2004, the Company entered into a consulting agreement with an unrelated party to provide investor relations services to the Company for the period from November 22, 2004 to December 31, 2008. As compensation for these services, the Company agreed to issue 3,000,000 warrants for the purchase of common stock at \$0.50 per share expiring on December 31, 2009. On January 17, 2005, the Company issued 1,500,000 Series A warrants and 1,500,000 Series B warrants pursuant to this consulting agreement.

The Series A warrants can be exercised at any time on or before December 31, 2009 at an exercise price of \$0.50 per share or by means of a cashless exercise provision if there is no effective registration statement registering the resale of the underlying shares. The fair value of the Series A warrants was calculated as \$982,198 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 3.6%; expected volatility of 145%, and an expected life of 5.11 years. Of this amount, \$25,287 has been included in general and administrative expenses in 2004 and accrued liabilities as at December 31, 2004 and the balance of \$956,911 will be recognized as an expense on a straight-line basis as services are rendered from January 1, 2005 to December 31, 2008.

# DATAJUNGLE SOFTWARE INC.

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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## 11. Stockholders' deficiency (continued):

### (b) Warrants (continued):

The Series B warrants can be exercised at any time after July 31, 2006 at an exercise price of \$0.50 per share or by means of a cashless exercise provision if there is no registration statement registering the resale of the underlying shares and expire on December 31, 2009. The Series B warrants can be exercised prior to July 31, 2006 if the Company has not terminated the consulting agreement and the Company has received at least \$2,000,000 of investment from any and all sources during the period from July 1, 2004 to July 31, 2006. In accordance with EITF 96-18 "Accounting for Equity Instruments that are Issued to other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", the lowest aggregate fair value of the Series B warrants is used for recognition purposes. At December 31, 2004, no services have yet been rendered.

### (c) Stock option plan:

During the year ended June 30, 2003, DataJungle Ltd. adopted a Stock Option Plan (the "DJL Plan") pursuant to which the Board of Directors could grant stock options to officers, employees and consultants. The DJL Plan authorized grants of options to purchase up to 4,500,000 shares of authorized but unissued common stock of DataJungle Ltd. Options were granted with an exercise price equal to or greater than the stock's fair market value at the date of grant. All stock options had terms as determined by the Board of Directors, vested within three years and expire no later than seven years from the date of vesting.

Under the Company's 2004 Share Option Plan (the "Plan") up to 5,000,000 shares of authorized but unissued common stock of the Company can be granted to officers, employees and consultants. Options are granted with an exercise price equal to or greater than the stock's fair market value at the date of grant unless approved otherwise by the Board of Directors, vest over a period of time as determined by the Board of Directors and expire no later than ten years from the date of vesting.

At December 31, 2004, there were 1,906,548 additional shares available for grant under the Plan. The per share weighted average fair value of stock options granted under the Plan for the year ended December 31, 2004 was \$0.49 using the Black Scholes option-pricing model with the following weighted average assumptions: expected dividend yield 0%, risk-free rate of 4.3%, volatility of 140%, and an expected life of 7 years. The per share weighted average fair value of stock options granted under the DJL Plan during the three months ended September 30, 2003 was \$Nil on the date of grant using the Black Scholes option-pricing model (excluding a volatility assumption) with the following weighted average assumptions: expected dividend yield 0%, risk-free interest rate of 4.2%, and an expected life of 9 years.

# DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 14

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 11. Stockholders deficiency (continued):

### (c) Stock option plan (continued):

The per share weighted average fair value of stock options granted under the Plan during the three months ended December 31, 2003 was \$0.43 on the date of grant using the Black Scholes option-pricing model with the following weighted average assumptions: expected dividend yield 0%, risk-free interest rate of 3.8%, volatility rate of 136%, and an expected life of 7.13 years.

A summary of the status of the stock options at December 31, 2004 and December 31, 2003 is as follows:

	December 31, 2004		December 31, 2003	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding, beginning of period	1,138,848	\$ 0.25	1,358,075	\$ 0.15
Granted	2,625,000	0.52	1,178,848	0.25
Forfeited	(670,396)	0.37	(1,398,075)	0.15
Options outstanding, end of period	3,093,452	\$ 0.45	1,138,848	\$ 0.25

The following table summarizes information about stock options outstanding at December 31, 2004:

Options outstanding				Options exercisable		
Range of exercise prices	Number outstanding at 12/31/04	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 12/31/04	Weighted average exercise price	
\$ 0.008	180,150	3.6 years	\$ 0.008	180,150	\$0.008	
0.125	252,121	3.6 years	0.125	252,121	0.125	
0.40	86,181	6.4 years	0.40	86,181	0.40	
0.51	2,400,000	6.4 years	0.51	—	—	
0.60	125,000	6.3 years	0.60	5,000	0.60	
0.65	50,000	6.2 years	0.65	—	—	
	3,093,452	6.0 years	\$ 0.45	523,452	\$ 0.14	

# DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 15

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 11. Stockholders deficiency (continued):

(c) Stock option plan (continued):

On October 1, 2003, pursuant to the Share Exchange Agreement between DataJungle Ltd. and the Company, each option granted under the DJL Plan was exchanged for 0.60 options to purchase common stock of the Company at the same exercise price as under the DJL Plan. In addition, during the years ended June 30, 2003 and 2002, the Company modified the terms of certain stock options granted to employees to reduce the exercise price and/or extend the expiry date and to allow them to retain the award upon a change in status from employee to non-employee. For the year ended December 31, 2004, non-cash compensation expense of \$50,376, \$128 and \$17,364 has been included in research and development, general and administrative and sales and marketing expenses, respectively. For the six months ended December 31, 2003, non-cash compensation expense of \$262,367, \$71,106 and \$15,503 has been included in research and development, general and administrative and sales and marketing expenses, respectively. Non-cash compensation expense of \$1,939 (December 31, 2003 - \$77,717) has been included in general and administrative expenses with respect to stock options granted to non-employees and modification of options issued to non-employees.

## 12. Research and development:

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Incurring during the year	\$ 401,421	\$ 410,610	\$ 174,418
Less: investment tax credits	(19,927)	(44,599)	(104,371)
	\$ 381,494	\$ 366,011	\$ 70,047

## 13. Income taxes:

Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities as reported for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences that gave rise to significant portions of the deferred tax asset and deferred tax liability are as follows:

# DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 16

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 13. Income taxes (continued):

	December 31, 2004	December 31, 2003
Deferred tax asset:		
Net operating loss carryforwards	\$ 645,800	\$ 444,600
Unclaimed scientific research and experimental development	194,500	136,000
Property and equipment and other	19,500	12,700
Total gross deferred tax asset	859,800	593,300
Valuation allowance	(859,800)	(593,300)
Net deferred taxes	\$ —	\$ —

Income tax expense varies from the amount that would be computed by applying the enacted U.S. federal income tax rate to the net loss as a result of the following:

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Expected tax rate	34%	34%	36.87%
Expected tax recovery	\$ (299,698)	\$ (254,423)	\$ (112,549)
Increase (decrease) in taxes resulting from:			
Change in valuation allowance	266,500	268,000	166,000
Compensation expense	25,200	145,000	—
Loss on extinguishment of debt	50,000	—	—
Difference between current and enacted tax rates	—	(75,000)	20,000
Losses of legal parent prior to date of acquisition	—	(19,000)	—
Financing fees	—	(6,000)	—
Difference between U.S. and Canadian tax rates	(13,700)	(6,000)	—
Canadian provincial differences	(3,000)	(6,000)	(9,000)
Foreign exchange	(44,400)	(13,000)	(27,000)
Other	19,098	(33,577)	(37,451)
	\$ —	\$ —	\$ —

# DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 17

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 13. Income taxes (continued):

The Company has net operating loss carryforwards available to be applied against Canadian taxable income and which expire as follows:

2008	\$ 215,100
2009	312,500
2010	699,600
2014	439,000

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\$ 1,666,200

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The Company has net operating loss carryforwards which are significantly restricted and are not considered to be available to be applied against U.S. taxable income. The Company has other losses which can be applied against U.S. taxable income and which expire as follows:

2023	\$ 26,600
2024	61,500

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\$ 88,100

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## 14. Net loss per share:

As the Company incurred a net loss during each of the periods presented below, the loss per common share is based on the weighted average common shares outstanding. The following outstanding instruments could potentially dilute loss per share for the periods presented:

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	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Number of shares issued upon:			
Exercise of options to purchase common stock	3,093,452	1,138,848	1,358,075
Conversion of promissory notes	4,309,302	4,309,302	5,479,438
Subscriptions to purchase common stock	116,667	231,500	—

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## DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 18

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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### 15. Guarantees and commitments:

#### (a) Guarantees:

The Company has entered into agreements that contain features which meet the definition of a guarantee under FASB Interpretation No. 45 ("FIN 45"). FIN 45 defines a guarantee to be a contract that contingently requires the Company to make payments (either in cash, financial instruments, other assets, common shares of the Company or through provision of services) to a third party based on changes in an underlying economic characteristic (such as interest rates or market value) that is related to an asset, liability or an equity security of the other party. The Company has the following guarantees which are subject to the disclosure requirements of FIN 45:

##### *Product warranties*

As part of the normal sale of software products, the Company has provided certain of its customers with product warranties of 30 days from the date of sale. Based on management's best estimate of probable liability under its product warranties, no product warranty accrual was recorded as of December 31, 2004 and 2003.

#### (b) Commitments:

##### *Operating lease*

The Company has entered into an operating lease agreement for office space that expires on December 31, 2007. The future minimum lease payments, including operating costs, are approximately as follows: 2005 - \$80,010, 2006 - \$93,430 and 2007 - \$85,650.

Rent expense for operating leases for the year ended December 31, 2004 and the six months ended December 31, 2003 was \$83,458 and \$39,274, respectively.

### 16. Financial instruments:

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, promissory notes and other obligations payable and promissory note payable to related party approximate fair value due to the short term to maturity of these instruments.

### 17. Segmented reporting:

The Company operates in one dominant industry segment, which involves providing web-based software solutions that translate data into tables, charts and maps. The Company's solutions can extend the functionality of business intelligence software packages from other vendors by adding pre-built software objects on top of those vendor's solutions. Alternatively, the Company's pre-built software objects can be assembled and bundled with data from major data vendors to provide functionality and enhanced presentation capabilities.

# DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 19

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

## 17. Segmented reporting (continued):

External revenues attributable to geographic areas based on the location of the customer are as follows:

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
United States	\$ 583,055	\$ 16,465	\$ 144,553
Canada	8,197	—	—
Asia	9,876	—	—

The Company's assets are located as follows:

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Canada	\$ 160,716	\$ 486,963	\$ 403,092
United States	177	21,675	—

## 18. Statement of cash flows:

Change in non-cash operating working capital:

	Year ended December 31, 2004	Six months ended December 31, 2003	Year ended June 30, 2003
Accounts receivable	\$ (27,509)	\$ (18,909)	\$ (30,644)
Investment tax credits receivable	131,873	(57,479)	(12,980)
Contracts-in-process	203,617	(64,680)	(123,985)
Prepaid expenses	(2,876)	(258)	(5,849)
Accounts payable	37,975	32,126	1,868
Accrued liabilities	(38,609)	(5,372)	(10,005)
Deferred revenue	(303,015)	170,944	121,709
Due from related parties	—	—	726
	\$ 1,456	\$ 56,372	\$ (59,160)



## **DATAJUNGLE SOFTWARE INC.**

Notes to Financial Statements, page 20

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

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### **19. Economic dependence:**

For the year ended December 31, 2004, four customers account for 93% of revenue (six months ended December 31, 2003 – two customers account for 100%).

### **20. Subsequent events:**

Subsequent to December 31, 2004, the Company received \$15,000 from investors pursuant to subscription agreements to purchase 50,000 common shares of the Company at \$0.30 per share. In addition, the Company received \$163,000 (net of repayments of \$58,000) pursuant to demand promissory notes bearing interest at 12% per annum.

Effective January 1, 2005, the Company entered into a consulting agreement with an unrelated party to provide investor communication and public relations services to the Company. As compensation for these services, the Company agreed to issue 200,000 shares of common stock and issued 200,000 Series A warrants for the purchase of common stock of the Company at \$0.50 per share expiring on December 31, 2009.

On November 22, 2004, the Company entered into a consulting agreement with an unrelated party to provide investor relations services to the Company (note 11(b)). As compensation for these services, the Company agreed to issue 3,000,000 warrants for the purchase of common stock at \$0.50 per share expiring on December 31, 2009. On January 17, 2005, the Company issued 1,500,000 Series A warrants and 1,500,000 Series B warrants pursuant to this consulting agreement. The Series B warrants can be cancelled by the Company if the Company cancels the consulting agreement and has not received at least \$2,000,000 in funding from any and all sources during the period from July 1, 2004 to July 31, 2006.

Between January 18, 2005 and March 17, 2005, the Company issued 85,000 options to purchase common shares of the Company at exercise prices ranging from \$0.43 per share to \$0.75 per share with various expiry dates up to January 18, 2013.

## DATAJUNGLE SOFTWARE INC.

Notes to Financial Statements, page 21

Year ended December 31, 2004, six months ended December 31, 2003 and year ended June 30, 2003  
(In U.S. dollars)

### 21. Comparative information for the twelve months ended December 31, 2003

	Twelve months ended December 31, 2003
	(unaudited)
Revenues	\$ 130,616
Gross profit	65,961
Net loss	(910,664)
Loss per common share – basic and diluted	\$ (0.07)
Net cash used in operating activities	\$ (347,293)
Net cash used in investing activities	(22,724)
Net cash provided by financing activities	218,802

### 22. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the small business issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATAJUNGLE SOFTWARE INC.

By: /s/ Edward Munden  
Edward Munden  
President and Chief Executive Officer

Dated: March 31, 2005.

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the small business issuer and in the capacities and on the dates indicated.

/s/ Edward Munden  
Edward Munden  
President, Chief Executive Officer and Director  
(principal executive officer)

Dated: March 31, 2005.

/s/ Larry Bruce  
Larry Bruce  
Vice President Finance, Secretary and Treasurer  
(principal financial officer)

Dated: March 31, 2005

**DATAJUNGLE SOFTWARE INC.  
PROMISSORY NOTE**

\_\_\_\_\_, 200\_

For value received, DataJungle Software Inc. (hereinafter referred to as the "Borrower") promises to pay to the order of \_\_\_\_\_ (hereinafter referred to as the "Lender") in the City of Atlanta, Georgia or at such other place as the holder hereof may, from time to time designate in writing, the sum of \$ \_\_\_\_\_ (collectively the "Loan") made by the Lender to the Borrower, in legal and lawful money of United States of America, with interest on the principal outstanding from time to time until paid, both before and after maturity, at the rate of twelve percent (12%) per annum.

The principal of this Note is due and payable on demand and is secured by an assignment of all accounts receivable now and hereafter of Borrower. The accrued interest is due and payable annually in arrears on the anniversary date. The Borrower may pay all or part of any of principal and/or interest before at any time without notice, penalty or bonus and any subsequent interest shall be calculated only on any remaining outstanding balance.

In the event this Note, or any part hereof, is collected through Bankruptcy or other judicial proceedings by an attorney or is placed in the hands of an attorney for collection after maturity, then the Borrower agrees and promises to pay a reasonable attorney's fee for collection.

The Borrower expressly requires notice of all demands for payment, presentation for payment, protest and notice of protest, as to this Note but the Lender, payee or other holder of this Note may at any time, from time to time and upon notice in writing to the Borrower, extend the terms of payment or date of maturity hereof.

This Note may be assigned, pledged or hypothecated by the Lender or holder upon notice to the Borrower and is made without recourse to any director, officer or employee of the Borrower.

Any notice, demand or request relating to any matter set forth in this Note shall be given in writing.

This Note shall be governed by and construed in accordance with the laws of the State of Georgia, U.S.A.

IN WITNESS WHEREOF, DataJungle Software Inc. has caused this Note to be duly executed on its behalf by its officers duly authorized thereunto.

**DataJungle Software Inc.**

Per: \_\_\_\_\_  
Edward J. Munden  
President & CEO

Per: \_\_\_\_\_  
Larry Bruce  
Vice President Finance

Promissory Note Holder

Promissory Note Holder	Amount Outstanding as at December 31, 2004	Amount Outstanding as at March 21, 2005
Synergistic Affiliates Inc.	\$196,000.00 USD	\$359,000.00 USD

**EXHIBIT 4.b****GRID PROMISSORY NOTE**

**FOR VALUE RECEIVED**, the undersigned, DataJungle, Inc. (the "Company"), hereby acknowledges itself indebted and promises to pay to \_\_\_\_\_ (the "Lender"), within 30 days of demand, the outstanding principal amount of all loans (the "Loans") made by the Lender to the Company as recorded by the Lender on the Schedule annexed hereto, and to pay interest (including interest on overdue interest) in like money as well after as before maturity, default and judgment on the outstanding amount thereof at Ottawa, Ontario, at the rate of interest of 10 percent per annum compounded and payable semi annually.

Provided however, the Lender may, at any time and from time to time, upon written notice by the Lender to the Company, and compliance with applicable securities laws, convert all or part of the amount outstanding hereunder at the time of delivery of such notice, into common shares in the capital of the Company in the ratio of either 1.67 common shares in the capital of the Company for each CDN\$1.00 of obligation converted or at such ratio of shares at a value which would be the equivalent to the price per share at which common shares in the capital of the Company have last been issued to a third party dealing at arms length with the Company (collectively the "Conversion Rate"), whichever is less. Such shares shall be issued to the Lender or to such person or persons as the Lender may in writing direct.

Provided further that if the Company has amalgamated with 3853021 Canada Inc. (or such other corporation as the Lender and the Company may in writing agree) and the obligations have neither been converted in full nor repaid by the Company out of the proceeds of the New Equity (as hereinafter defined) on or before December 31, 2001, the Company may at any time and from time to time on written notice to the Lender, either repay the whole or any portion of the amount of the obligations hereof or require that all or any portion of the obligations hereof be converted to common shares in the capital of the Company (the "Conversion Notice") at the Conversion Rate applicable at the date of the Conversion Notice to the Lender.

For the purposes of this promissory note, the term "New Equity" means common shares in the capital of the Company issued for an aggregate subscription price in the amount of up to CDN\$1 million priced at CDN\$0.60 per common share (or such other amount as the Lender and Company may in writing agree at the time of issuance of such equity) issued on or before December 31, 2001 to subscribers introduced to the Company with the assistance of the Lender.

This Note evidences the advances made by the Lender to the Company from time to time and repayments made by the Company to the Lender from time to time.

The Company shall have the right to repay the Loans at any time without penalty or bonus.

**Dated at Ottawa, Ontario this 30<sup>th</sup> day of July, 2001**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**DataJungle, Inc.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

## AMENDMENT TO GRID PROMISSORY NOTE

This **AMENDMENT TO GRID PROMISSORY NOTE** is made effective as of the 11th day of December, 2001.

### BETWEEN:

**DataJungle Ltd.** a company incorporated under the laws of Canada, having an office at 1431 Merivale Road, Suite 201, Ottawa, Ontario, K2E 1B9

(hereinafter the "Company")

### AND:

\_\_\_\_\_, a company incorporated under the laws of Canada, having an office at \_\_\_\_\_

(hereinafter the "Lender")

**WHEREAS** DataJungle, Inc., a company incorporated under the laws of Delaware, was continued in Canada pursuant to a Certificate of Continuance dated August 15, 2001; and

**WHEREAS** DataJungle, Inc. executed a Grid Promissory Note (the "Note") in favour of \_\_\_\_\_ dated the 30<sup>th</sup> day of July, 2001; and

**WHEREAS** DataJungle, Inc. entered into a General Security Agreement in favour of \_\_\_\_\_ dated the 30<sup>th</sup> day of July, 2001 as security for the Note; and

**WHEREAS** DataJungle, Inc. amalgamated with 3853021 Canada Inc. pursuant to a Certificate of Amalgamation dated August 15, 2001 to form the Company; and

**WHEREAS** the Company has assumed all of the liabilities of the Company and is therefore liable for the principal and interest under the Note; and

**WHEREAS**, the Company and the Lender desire to amend the terms and conditions of the Note;

**NOW THEREFORE**, for good and valuable consideration including the advancement by the Lender to the Company of additional amounts under the Note, the receipt and sufficiency of which is acknowledged by the Parties hereto, the Company and the Lender hereto agree to amend the Note as follows:

1. DataJungle Ltd. confirms that it has assumed the liability under the Note including for any and all amounts advanced to DataJungle Inc. and to the Company, including accrued interest;
2. The following paragraph is deleted from the Note in its entirety:

Provided further that if the Company has amalgamated with 3853021 Canada Inc. (or such other corporation as the Lender and the Company may in writing agree) and the obligations have neither been converted in full nor repaid by the Company out of the proceeds of the New Equity (as hereinafter defined) on or before December 31, 2001, the Company may at any time and from time to time on written notice to the Lender, either repay the whole or any portion of the amount of the obligations hereof or require that all or any portion of the obligations



hereof be converted to common shares in the capital of the Company (the "Conversion Notice") at the Conversation Rate applicable at the date of the Conversation Notice to the Lender.

3. The following paragraph is deleted from the Note in its entirety:

For the purposes of this promissory note, the term "New Equity" means common shares in the capital of the Company issued for an aggregate subscription price in the amount of up to CDN\$1 million priced at CDN\$0.60 per common share (or such other amount as the Lender and Company may in writing agree at the time of issuance of such equity) issued on or before December 31, 2001 to subscribers introduced to the Company with the assistance of the Lender.

4. The right of Lender to demand payment under the terms of the Note is amended by the addition of the following paragraph in its entirety to the Note:

This Note shall be payable 7 days after written demand made by the Lender or its assignee, if any, to the Company at the Company's principal place of business. Notwithstanding the foregoing and irrespective of any demand notice having been given, the principal and any accrued interest under this Note shall be deemed to have become due and payable immediately prior to such time as (A) the Company (i) commits an act of bankruptcy, (ii) proposes a compromise or arrangement to its creditors generally, (iii) makes a voluntary assignment in bankruptcy or (iv) takes any other proceeding with respect to making a compromise or arrangement with its creditors or to have itself declared bankrupt or wound up; (B) any other person files a bankruptcy or similar petition or proceeding against the Company; (C) a receiver is appointed over all or any part of the Company's assets, or (D) any execution or distress order becomes enforceable against the Company or its assets.

5. With the exception of the amendments to the Note referred to above, all other terms and conditions of the Note shall remain the same.

**Dated at Ottawa, Ontario this 11th day of December, 2001**

\_\_\_\_\_

By: \_\_\_\_\_

Name:  
Title: Director

By: \_\_\_\_\_

Name:  
Title: Director

**DataJungle Ltd.**

By: \_\_\_\_\_

Name: Denes Bartakovich  
Title: President & CEO

By: \_\_\_\_\_

Name: Robert Poole  
Title: Vice President

By: \_\_\_\_\_

Name: Larry Bruce  
Title: Vice President

**SECOND AMENDMENT TO  
GRID PROMISSORY NOTE**

Between

Quad Metals Corporation, a Nevada corporation ("Quad")

And

\_\_\_\_\_, a company incorporated under the laws of Canada (the "Lender").

And

DataJungle Ltd., a company incorporated under the laws of Canada and successor by amalgamation to DataJungle, Inc. (the "Borrower")

Whereas:

- (a) The Borrower and the Lender are parties to a Grid Promissory Note dated the 30th day of July, 2001 (as amended to the date hereof, the "Note");
- (b) Borrower and Lender have amended the Note pursuant to an amending agreement dated December 11, 2001 and the Note so amended is herein referred to as the Amended Note;
- (c) Borrower and Lender entered into a memorandum of agreement dated February 21, 2003 by which the Company was to have effected a reverse split of its common stock as a result of which the effective Conversion Rate under the Amended Note would have been 6.6667 shares for each C\$1.00 of Note obligation so converted;
- (d) Quad and The Company are proposing to enter into a Share Exchange Agreement by which all the issued and outstanding shares of the Company will be exchanged at the rate of 0.6 shares of Quad common stock for each share of Company common stock (the Quad Transaction);
- (e) Lender is prepared to consent to the Quad Transaction subject to Quad agreeing to guarantee the Amended Note as amended by this agreement.

Accordingly, the parties agree to enter into this agreement which shall hereafter become known as SECOND AMENDMENT dated as of September 16, 2003 (herein the "Second Amendment") upon the following terms::

1. The first paragraph of the Amended Note is hereby amended and restated to read as follows:

FOR VALUE RECEIVED, the undersigned, DataJungle Ltd. (the "Company"), hereby acknowledges itself indebted and promises to pay to \_\_\_\_\_ (the "Lender"), within 7 days of written demand, the outstanding principal amount of all loans (the "Loans") made by the Lender to the Company as recorded by the Lender on the Schedule annexed hereto, and to pay interest (including interest on overdue interest ) in like money as well after as before maturity, default and judgment on the outstanding amount thereof at Ottawa, Ontario, at the rate of interest of 10 percent per annum compounded and payable semi-annually; provided however, that the outstanding amount shall no longer accrue interest immediately after the consummation of the transactions contemplated by the Share Exchange Agreement made and entered into September 16, 2003 by and between Quad Metals Corporation and the Company.

2. The second paragraph of the Amended Note is hereby amended and restated to read as follows:

Provided, however, the Lender may, at any time and from time to time, upon written notice by the Lender to the Company, and in compliance with applicable securities laws, convert all or part of the amount outstanding hereunder at the time of delivery of such notice, into common shares in the capital of the Company in the ratio of either 6.6667 common shares in the capital of the Company for each CDN\$1.00 of obligation converted or at such ratio of shares at a value which would be the equivalent to the price per share at which common shares in the capital of the Company have last been issued to a third party dealing at arms length with the Company (collectively the "Conversion Rate"), whichever is less; provided further however, if any capital reorganization or reclassification of the capital of the Company or any Sale or Merger (as defined below) of the Company shall be effected in such a way that holders of common shares in the capital of the Company shall be entitled to receive capital stock, securities or assets with respect to or in exchange for their common shares in the capital of the Company (such capital stock, securities or assets per share of Common Stock are referred to herein as the "Per Share Consideration"), then, as a condition of such reorganization, reclassification, Sale or Merger, lawful and adequate provisions shall be made whereby the Lender shall thereafter, upon conversion, have the right to receive the Per Share Consideration as may be issued or payable with respect to or in exchange for each common share into which the outstanding amount of principal and interest held at the time of such capital reorganization, reclassification, Sale or Merger is convertible. Such shares shall be issued to the Lender or to such person or persons as the Lender may in writing direct. For purposes hereof, a "Sale or Merger" of the Company shall mean (i) the sale, lease or other disposition of all or substantially all of the Company's assets or (ii) the acquisition of the Company by another entity by way of merger or consolidation resulting in the exchange of the outstanding shares of the Corporation for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its parent or subsidiary.

3. This Second Amendment is limited as specified and shall not constitute a modification, acceptance, forbearance or waiver of any provision of the Note beyond the specific amendments granted hereby, and none of the provisions of this Second Amendment shall serve to cure any default which may exist under the Note. This Second Amendment is not intended by any of the parties hereto to be interpreted as a course of dealing which would in any way impair the rights or remedies of the Lender except as expressly stated herein, and the Lender shall have no obligation to extend credit to the Borrower.

4. Within 30 days of the consummation of the transactions contemplated by the Quad Transaction and in consideration for the Lenders' consent thereto, Quad shall execute and deliver to the Lender a guarantee of the Borrower's obligations under the Amended Note as further amended by the Second Amendment, in form and substance satisfactory to the Lender.

5. Lender hereby consents to the Quad Transaction.

6. Notwithstanding anything herein to the contrary, this Second Amendment shall only become effective and is conditional upon the closing of the Quad Transaction.

7. This Second Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

\* \* \* \* \*

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first written above.

DATAJUNGLE LTD.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

QUAD METALS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Grid Promissory Note Holder

Grid Promissory Note Holder	Amount Outstanding as at December 31, 2004	Amount Outstanding as at March 21, 2005
Capital House Corporation	\$549,200.00 CAD	\$549,200.00 CAD

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT") OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SAID ACT.

## **DATAJUNGLE SOFTWARE INC.**

### **COMMON STOCK PURCHASE WARRANT**

**Warrant No.:** \_\_\_\_

**Number of Warrant Shares:** \_\_\_\_\_

**Series A**

**Date of Issuance: January 17, 2005**

DataJungle Software Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for value received, \_\_\_\_\_ (the "**Holder**") is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) \_\_\_\_\_ fully paid nonassessable shares of Common Stock (as defined in Section 1(a)) of the Company (the "**Warrant Shares**") at the purchase price per share provided in Section 1(a) below (the "**Exercise Price**"); provided, however, that in no event shall the Holder be entitled to exercise this Warrant for a number of Warrant Shares in excess of that number of Warrant Shares which, upon giving effect to such exercise, would cause the aggregate number of shares of Common Stock beneficially owned by the Holder and its affiliates to exceed 4.99% of the outstanding shares of the Common Stock following such exercise. For purposes of the foregoing proviso, the aggregate number of shares of Common Stock beneficially owned by the Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such proviso is being made, but shall exclude shares of Common Stock which would be issuable upon (i) exercise of the remaining, unexercised Warrants beneficially owned by the Holder and its affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any Other Securities of the Company beneficially owned by the Holder and its affiliates (including, without limitation, any convertible notes, convertible preferred stock, warrants or rights to receive shares of Common Stock) subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended. The Holder may waive the foregoing limitations by written notice to the Company upon not less than 61 days prior notice (with such waiver taking effect only upon the expiration of such 61 day notice period).

Section 11.

(a) Definitions. The following words and terms as used in this Warrant shall have the following meanings:

**"Business Day"** means any day except Saturday, Sunday and any day which is designated in the State of New York as a legal holiday or a day on which banking institutions are authorized or legally required by other government action to close.

**"Common Stock"** means (i) the Company's common stock, par value \$.001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

**"Escrow Agent"** means Alan R. Turem, P.C. having an office at 4651 Roswell Road, Suite B-105 Atlanta, Georgia 30342.

**"Exercise Price"** shall be \$0.50 USD, subject to adjustment as hereinafter provided.

**"Expiration Date"** means December 31, 2009.

**"Holder"** includes the Person in whose name this Warrant has been issued or any transferee or assignee provided that such transferee or assignee has become a Holder in accordance with the provisions of this Warrant.

**"Other Securities"** means (i) those securities, convertible securities, options and warrants of the Company issued prior to, and outstanding on, the date of issuance of this Warrant, (ii) shares of Common Stock, and warrants or other securities that are convertible into or exchangeable for shares of Common Stock, issuable in connection with the subsequent acquisitions by the Company.

**"Person"** means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof, or any other entity or organization.

**"Securities Act"** means the Securities Act of 1933, as amended.

**"Warrant"** means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

**"Warrant Shares"** means the shares of Common Stock issuable upon the exercise of this Warrant.

(b) Other Definitional Provisions.

(ii) Except as otherwise specified herein, all references herein (A) to the Company shall be deemed to include the Company's successors and (B) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

(iii) When used in this Warrant, the words "**herein**," "**hereof**," and "**hereunder**," and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "**Section**," "**Schedule**," and "**Exhibit**" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

(iiii) Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

Section 22. Exercise of Warrant.

(a) Exercise may be done at any time during normal business hours on any Business Day on or after the opening of business on the date hereof and prior to 11:59 P.M. Eastern Time on the Expiration Date by delivery to the Escrow Agent and the Company in the manner specified below of (i) a written notice of such Holder's election to exercise this Warrant which notice shall be in the form attached as Exhibit A hereto, (the "**Exercise Notice**"), and shall specify the number of Warrant Shares to be purchased and the other information set out therein, (ii) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Warrant Shares as to which the Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or by check or wire transfer payable to the Company in immediately available funds, and (iii) the surrender of this Warrant. Provided, that if such Warrant Shares are to be issued in any name other than that of the registered Holder of this Warrant, such issuance shall be deemed a transfer and the provisions of Section 7 shall be applicable and the Exercise Notice shall be accompanied by such additional documentation as may be required by that Section. Such Exercise Notice, payment, Warrant and other documentation required for exercise shall be delivered to the Escrow Agent at the address set out in Section 1 with a copy of the Exercise Notice being delivered simultaneously to the Company.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with Section 2(a), a certificate or certificates for the Warrant Shares so purchased, in such denominations as may be requested by the Holder hereof and registered in the name of, or as directed by, the Holder, shall be delivered at the Company's expense to, or as directed by, such Holder as soon as practicable after such rights shall have been so exercised, and in any event no later than five (5) Business Days after delivery of the Exercise Notice to the Escrow Agent. In the case of a dispute as to the determination of the Exercise Price of a security or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via



facsimile within one Business Day of receipt of the Holder's Exercise Notice. If the Holder and the Company are unable to agree upon the determination of the Exercise Price or arithmetic calculation of the Warrant Shares within one day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Exercise Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than two (2) Business Days from receipt of the disputed determinations or calculations. Such investment banking firm's or accountant's determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(c) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five Business Days after any exercise and at its own expense, issue a new Warrant identical in all respects to the Warrant exercised except (i) it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under the Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised, and (ii) the Holder thereof shall be deemed for all corporate purposes to have become the Holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant is surrendered and payment of the amount due in respect of such exercise and any applicable taxes is made, irrespective of the date of delivery of certificates evidencing such Warrant Shares, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are properly closed, such Person shall be deemed to have become the Holder of such Warrant Shares at the opening of business on the next succeeding date on which the stock transfer books are open.

(d) No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock issued upon exercise of this Warrant shall be rounded up or down to the nearest whole number.

(e) If at any time from the date of issuance of this Warrant there is no effective registration statement registering the resale of the Warrant Shares by the Holder at such time, this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing  $[(A-B) (X)]$  by (A), where:

(A) = the VWAP, as defined below, on a trading day from 9:30 a.m. to 4:02 p.m. Eastern Time ("Trading Day") immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this

Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on Nasdaq, Amex or the N.Y. Stock Exchange (a “Principal Market”), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Principal Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P.; (b) if the Common Stock is not then listed or quoted on a Principal Market and if prices for the Common Stock are then quoted on the OTC Bulletin Board, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; (c) if the Common Stock is not then listed or quoted on a Principal Market and if prices for the Common Stock are then reported in the “Pink Sheets” published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (d) in all other cases, the fair market value of a share of Common Stock as determined by a nationally recognized-independent appraiser selected in good faith by shareholders holding a majority of the principal amount of shares of Common Stock of the Company then outstanding.

Section 33. Covenants as to Common Stock; Certain Registrations. The Company hereby covenants and agrees as follows:

(aa) This Warrant is, and any Common Stock Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(bb) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(cc) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least 100% of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Exercise Price.

(dd) The Company will not, by amendment of its charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly

and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(e) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

Section 44. Taxes. The Company shall pay any and all issue or transfer taxes or other incidental expenses (but not including any income or capital taxes) which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

Section 55. Warrant Holder Deemed Not a Stock Holder. Except as otherwise specifically provided herein, no Holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

Section 66. Representations of Holder. The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment and not with a view to, or for sale in connection with, any distribution hereof or of any of the shares of Common Stock or other securities issuable upon the exercise thereof, and not with any present intention of distributing any of the same. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an accredited investor as such term is defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "**Accredited Investor**"). Upon exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale other than pursuant to an effective registration statement or an exemption under the Securities Act and that such Holder is an Accredited Investor. Notwithstanding the foregoing, by making the representations herein, the Holder does not agree to hold the Warrant or the Warrant Shares for any minimum or other specified term and reserves the right to dispose of the Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such Holder's exercise of the Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of the Warrant shall not violate any United States or state securities laws.

Section 77. Ownership and Transfer.

(aa) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the Person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the Person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

(bb) The Holder of this Warrant understands that this Warrant has not been and is not expected to be, registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (a) subsequently registered thereunder, or (b) such Holder shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration; provided that (i) any sale of such securities made in reliance on Rule 144 promulgated under the Securities Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder; and (ii) except as provided below, neither the Company nor any other Person is under any obligation to register the Common Stock Warrants under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder except as may be expressly set out herein.

(cc) Subject to compliance with any applicable securities laws and the conditions set forth in Section 7 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company, together with a written assignment of this Warrant substantially in the form attached hereto as Exhibit B duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new Holder for the purchase of Warrant Shares without having a new Warrant issued.

(d) This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with

Section 7, as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(e) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes) the new Warrant or Warrants under this Section 7.

(f) The Company agrees to maintain, at its aforesaid office, books for the registration and the registration of transfers of the Warrants.

(g) If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, and/or (ii) that the Holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company and/or (iii) that the transferee be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), or (a)(8) promulgated under the Securities Act or a qualified institutional buyer as defined in Rule 144A(a) under the Securities Act.

Section 88. Adjustment of Exercise Price and Number of Shares. In order to prevent dilution of the rights granted under this Warrant, the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(aa) Adjustment of Exercise Price upon Subdivision or Combination of Common Stock. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately decreased.

(b) Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets to another Person (as defined in Section 1(a)) or other transaction which is effected in such a way that Holders of Common

Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as "**Organic Change.**" Prior to the consummation of any Organic Change, the Company will make appropriate provision to ensure that each of the Holders of the Common Stock Warrants will thereafter have the right to acquire and receive in lieu of or addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder's Common Stock Warrants, such shares of stock, securities or assets as may be issued or payable in the Organic Change with respect to or in exchange for the number of shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder's Common Stock Warrants had such Organic Change not taken place (without taking into account any limitations or restrictions on exercise). In any such case, the Company will make appropriate provision with respect to such Holders' rights and interests to insure that the provisions of this Section 8 will thereafter be applicable to the Common Stock Warrants (including, in the case of any such consolidation, merger or sale in which the successor entity or purchasing entity is other than the Company, an immediate adjustment of the Exercise Price to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and a corresponding immediate adjustment in the number of shares of Common Stock acquirable and receivable upon exercise of the Common Stock Warrants, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger or sale). The terms of any documents evidencing an Organic Change shall include such terms as to give effect to the tenor of this provision and evidencing the obligation to deliver to each Holder of Common Stock Warrants such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to acquire.

(c) Distribution of Assets. If the Company shall declare or make any distribution of its assets (or rights to acquire its assets) to the Company's stockholders as a partial liquidating dividend, by way or return of capital or otherwise (including any dividend or distribution to the Company's stockholders of cash or shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), at any time after the issuance of this Warrant, then the Holder of this Warrant shall be entitled upon exercise of this Warrant for the purchase of any or all of the shares of Common Stock subject hereto, after the record date for determining shareholders entitled to receive such Distribution, to receive the amount of such assets (or rights) which would have been payable to the Holder had such Holder been the Holder of such shares of Common Stock on the record date for determination of stockholders entitled to such Distribution.

(d) Notices.

(i) Immediately upon any adjustment of the Exercise Price, the Company will give written notice thereof to the Holder of this Warrant, setting forth in reasonable detail and certifying the calculation of such adjustment.

(ii) The Company will give written notice to the Holder of this Warrant prior to the date on which the Company closes its books or takes a

record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to Holders of Common Stock or (C) for determining rights to vote with respect to any Organic Change, dissolution or liquidation and in no event shall such notice be provided to such Holder prior to such information being made known to the public.

(iii) The Company will also give written notice to the Holder of this Warrant prior to the date on which any Organic Change, dissolution or liquidation will take place and in no event shall such notice be provided to such Holder prior to such information being made known to the public.

Section 9. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on receipt of an indemnification undertaking, issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed.

Section 10. Notice. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) upon receipt, when delivered by a delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

DataJungle Software Inc.  
1 Hines Road  
Suite 202  
Ottawa, Canada K2K 3C7  
Telephone: (613) 254-7246  
Telefax: (613) 254-7250

If to the Holder of this Warrant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each party shall provide five days' prior written notice to the other party of any change in address or facsimile number.

Section 11. Miscellaneous.

(a) No Voting Rights; Limitation of Liability - Prior to exercise, this Warrant will not entitle the Holder to any voting rights or other rights as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the Holder to exercise this Warrant, and no enumeration herein of the rights or privileges of the

Holder, shall give rise to any liability of the Holder for the purchase price of the Warrant Shares pursuant to the exercise hereof.

(b) Waiver and Modification This Warrant and any term hereof may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party or Holder hereof against which enforcement of such change, waiver, discharge or termination is sought.

(c) Headings - The headings in this Warrant are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(d) Governing Law - THIS WARRANT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA. The Holder hereby submits to the jurisdiction of the State of Nevada and agrees that service of all writs, process and summonses in any such suit, action or proceeding brought in the United States against the Company may be made upon the Escrow Agent and shall be governed by and interpreted under the laws of the State of Nevada without regard to principles of conflicts of law thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: January 17, 2005

**DATAJUNGLE SOFTWARE INC.**

By: \_\_\_\_\_  
Name: Edward J. Munden  
Title: President & CEO

By: \_\_\_\_\_  
Name: Larry Bruce  
Title: Vice President Finance

**EXHIBIT A**

**EXERCISE NOTICE**

To: DataJungle Software Inc.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and



tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(e), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(e).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended.

[PURCHASER]

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

**EXHIBIT B**

**ASSIGNMENT FORM**

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to exercise the Warrant.)

FOR VALUE RECEIVED, the foregoing Warrant for the purchase of \_\_\_\_\_ Warrant Shares of Common stock of DataJungle Software Inc. and all rights evidenced thereby are hereby assigned to

\_\_\_\_\_ whose address is

\_\_\_\_\_.

A new Warrant for the balance of the Warrant Shares not assigned is to be reissued to the Holder.

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address: \_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed or Notarized:

\_\_\_\_\_

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Series A Common Stock Purchase Warrant

Series A Common Stock Purchase Warrant Holder	Number Outstanding as at December 31, 2004	Number Outstanding as at March 21, 2005
Asian Development Consortium, Inc.	Nil	750,000
Pacific Management Services, LLC	Nil	750,000
Scott Christie	Nil	200,000

#### **Exhibit 4.d**

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT") OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SAID ACT.

### **DATAJUNGLE SOFTWARE INC.**

#### **COMMON STOCK PURCHASE WARRANT**

**Warrant No.:** \_\_\_\_ **Number of Warrant Shares:** \_\_\_\_  
**Series B**  
**Date of Issuance: January 17, 2005**

DataJungle Software Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for value received, \_\_\_\_\_ (the "**Holder**") is entitled, subject to the terms and limitations on exercise set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) \_\_\_\_\_ fully paid nonassessable shares of Common Stock (as defined in Section 1(a)) of the Company (the "**Warrant Shares**") at the purchase price per share provided in Section 1(a) below (the "**Exercise Price**"); provided, however, that in no event shall the Holder be entitled to exercise this Warrant for a number of Warrant Shares in excess of that number of Warrant Shares which, upon giving effect to such exercise, would cause the aggregate number of shares of Common Stock beneficially owned by the Holder and its affiliates to exceed 4.99% of the outstanding shares of the Common Stock following such exercise. For purposes of the foregoing proviso, the aggregate number of shares of Common Stock beneficially owned by the Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such proviso is being made, but shall exclude shares of Common Stock which would be issuable upon (i) exercise of the remaining, unexercised Warrants beneficially owned by the Holder and its affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any Other Securities of the Company beneficially owned by the Holder and its affiliates (including, without limitation, any convertible notes, convertible preferred stock, warrants or rights to receive shares of Common Stock) subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended. The Holder may waive the foregoing limitations by written notice to the Company upon not less than 61 days prior notice (with such waiver taking effect only upon the expiration of such 61 day notice period).

Section 11.

(a) Definitions. The following words and terms as used in this Warrant shall have the following meanings:

**"Business Day"** means any day except Saturday, Sunday and any day which is designated in the State of New York as a legal holiday or a day on which banking institutions are authorized or legally required by other government action to close.

**"Common Stock"** means (i) the Company's common stock, par value \$.001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

**"Escrow Agent"** means Alan R. Turem, P.C. having an office at 4651 Roswell Road, Suite B-105 Atlanta, Georgia 30342.

**"Exercise Price"** shall be \$0.50 USD, subject to adjustment as hereinafter provided.

**"Expiration Date"** means December 31, 2009.

**"Holder"** includes the Person in whose name this Warrant has been issued or any transferee or assignee provided that such transferee or assignee has become a Holder in accordance with the provisions of this Warrant

**"Other Securities"** means (i) those securities, convertible securities, options and warrants of the Company issued prior to, and outstanding on, the date of issuance of this Warrant, (ii) shares of Common Stock, and warrants or other securities that are convertible into or exchangeable for shares of Common Stock, issuable in connection with the subsequent acquisitions by the Company.

**"Person"** means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof, or any other entity or organization.

**"Securities Act"** means the Securities Act of 1933, as amended.

**"Warrant"** means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

**"Warrant Shares"** means the shares of Common Stock issuable upon the exercise of this Warrant.

(b) Other Definitional Provisions.

(ii) Except as otherwise specified herein, all references herein (A) to the Company shall be deemed to include the Company's successors and (B) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

(iii) When used in this Warrant, the words "**herein**," "**hereof**," and "**hereunder**," and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "**Section**," "**Schedule**," and "**Exhibit**" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

(iiii) Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

Section 22. Exercise of Warrant.

(a) Exercise may be done at any time during normal business hours on any Business Day on or after the opening of business on the date hereof and prior to 11:59 P.M. Eastern Time on the Expiration Date by delivery to the Escrow Agent and the Company in the manner specified below of (i) a written notice of such Holder's election to exercise this Warrant which notice shall be in the form attached as Exhibit A hereto, (the "**Exercise Notice**"), and shall specify the number of Warrant Shares to be purchased and the other information set out therein, (ii) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Warrant Shares as to which the Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or by check or wire transfer payable to the Company in immediately available funds, and (iii) the surrender of this Warrant. Provided, that if such Warrant Shares are to be issued in any name other than that of the registered Holder of this Warrant, such issuance shall be deemed a transfer and the provisions of Section 7 shall be applicable and the Exercise Notice shall be accompanied by such additional documentation as may be required by that Section. Such Exercise Notice, payment, Warrant and other documentation required for exercise shall be delivered to the Escrow Agent at the address set out in Section 1 with a copy of the Exercise Notice being delivered simultaneously to the Company.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with Section 2(a), a certificate or certificates for the Warrant Shares so purchased, in such denominations as may be requested by the Holder hereof and registered in the name of, or as directed by, the Holder, shall be delivered at the Company's expense to, or as directed by, such Holder as soon as practicable after such rights shall have been so exercised, and in any event no later than five (5) Business Days after delivery of the Exercise Notice to the Escrow Agent. In the case of a dispute as to the determination of the Exercise Price of a security or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via

facsimile within one Business Day of receipt of the Holder's Exercise Notice. If the Holder and the Company are unable to agree upon the determination of the Exercise Price or arithmetic calculation of the Warrant Shares within one day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Exercise Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than two (2) Business Days from receipt of the disputed determinations or calculations. Such investment banking firm's or accountant's determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(c) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five Business Days after any exercise and at its own expense, issue a new Warrant identical in all respects to the Warrant exercised except (i) it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under the Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised, and (ii) the Holder thereof shall be deemed for all corporate purposes to have become the Holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant is surrendered and payment of the amount due in respect of such exercise and any applicable taxes is made, irrespective of the date of delivery of certificates evidencing such Warrant Shares, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are properly closed, such Person shall be deemed to have become the Holder of such Warrant Shares at the opening of business on the next succeeding date on which the stock transfer books are open.

(d) No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock issued upon exercise of this Warrant shall be rounded up or down to the nearest whole number.

(e) If (i) at any time from the date of issuance of this Warrant there is no effective registration statement registering the resale of the Warrant Shares by the Holder at such time, and (ii) it is (x) after July 31, 2006 or (y) on or prior to July 31, 2006 and the Company has received an additional \$2,000,000 of equity investment, and/or of financing convertible into equity, during the period July 1, 2004 to July 31, 2006 from any and all sources, then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing  $[(A-B) (X)]$  by (A), where:

(A) = the VWAP, as defined below, on a trading day from 9:30 a.m. to 4:02 p.m. Eastern Time ("Trading Day") immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on Nasdaq, Amex or the N.Y. Stock Exchange (a “Principal Market”), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Principal Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P.; (b) if the Common Stock is not then listed or quoted on a Principal Market and if prices for the Common Stock are then quoted on the OTC Bulletin Board, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; (c) if the Common Stock is not then listed or quoted on a Principal Market and if prices for the Common Stock are then reported in the “Pink Sheets” published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (d) in all other cases, the fair market value of a share of Common Stock as determined by a nationally recognized-independent appraiser selected in good faith by shareholders holding a majority of the principal amount of shares of Common Stock of the Company then outstanding.

Section 33. Covenants as to Common Stock; Certain Registrations. The Company hereby covenants and agrees as follows:

(aa) This Warrant is, and any Common Stock Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(bb) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(cc) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least 100% of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Exercise Price.

(dd) The Company will not, by amendment of its charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any shares of Common Stock receivable upon the exercise



of this Warrant above the Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(e) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

Section 44. Taxes. The Company shall pay any and all issue or transfer taxes or other incidental expenses (but not including any income or capital taxes) which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

Section 55. Warrant Holder Deemed Not a Stock Holder. Except as otherwise specifically provided herein, no Holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

Section 66. Representations of Holder. The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment and not with a view to, or for sale in connection with, any distribution hereof or of any of the shares of Common Stock or other securities issuable upon the exercise thereof, and not with any present intention of distributing any of the same. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an accredited investor as such term is defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "**Accredited Investor**"). Upon exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale other than pursuant to an effective registration statement or an exemption under the Securities Act and that such Holder is an Accredited Investor. Notwithstanding the foregoing, by making the representations herein, the Holder does not agree to hold the Warrant or the Warrant Shares for any minimum or other specified term and reserves the right to dispose of the Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such Holder's exercise of the Warrant that the Company receive such other representations as the Company considers

reasonably necessary to assure the Company that the issuance of its securities upon exercise of the Warrant shall not violate any United States or state securities laws.

Section 77. Ownership and Transfer.

(aa) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the Person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the Person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

(bb) The Holder of this Warrant understands that this Warrant has not been and is not expected to be, registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (a) subsequently registered thereunder, or (b) such Holder shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration; provided that (i) any sale of such securities made in reliance on Rule 144 promulgated under the Securities Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder; and (ii) except as provided below, neither the Company nor any other Person is under any obligation to register the Common Stock Warrants under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder except as may be expressly set out herein.

(cc) Subject to compliance with any applicable securities laws and the conditions set forth in Section 7 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company, together with a written assignment of this Warrant substantially in the form attached hereto as Exhibit B duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new Holder for the purchase of Warrant Shares without having a new Warrant issued.

(d) This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written

notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 7, as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(e) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes) the new Warrant or Warrants under this Section 7.

(f) The Company agrees to maintain, at its aforesaid office, books for the registration and the registration of transfers of the Warrants.

(g) If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, and/or (ii) that the Holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company and/or (iii) that the transferee be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), or (a)(8) promulgated under the Securities Act or a qualified institutional buyer as defined in Rule 144A(a) under the Securities Act.

Section 88. Adjustment of Exercise Price and Number of Shares. In order to prevent dilution of the rights granted under this Warrant, the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(aa) Adjustment of Exercise Price upon Subdivision or Combination of Common Stock. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately decreased.

(b) Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets to another Person (as defined in Section 1(a)) or other transaction which is effected in such a way that Holders of Common

Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as "**Organic Change.**" Prior to the consummation of any Organic Change, the Company will make appropriate provision to ensure that each of the Holders of the Common Stock Warrants will thereafter have the right to acquire and receive in lieu of or addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder's Common Stock Warrants, such shares of stock, securities or assets as may be issued or payable in the Organic Change with respect to or in exchange for the number of shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder's Common Stock Warrants had such Organic Change not taken place (without taking into account any limitations or restrictions on exercise). In any such case, the Company will make appropriate provision with respect to such Holders' rights and interests to insure that the provisions of this Section 8 and Section 9 will thereafter be applicable to the Common Stock Warrants (including, in the case of any such consolidation, merger or sale in which the successor entity or purchasing entity is other than the Company, an immediate adjustment of the Exercise Price to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and a corresponding immediate adjustment in the number of shares of Common Stock acquirable and receivable upon exercise of the Common Stock Warrants, if the value so reflected is less than the Exercise Price in effect immediately prior to such consolidation, merger or sale). The terms of any documents evidencing an Organic Change shall include such terms as to give effect to the tenor of this provision and evidencing the obligation to deliver to each Holder of Common Stock Warrants such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to acquire.

(c) Distribution of Assets. If the Company shall declare or make any distribution of its assets (or rights to acquire its assets) to the Company's stockholders as a partial liquidating dividend, by way or return of capital or otherwise (including any dividend or distribution to the Company's stockholders of cash or shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), at any time after the issuance of this Warrant, then the Holder of this Warrant shall be entitled upon exercise of this Warrant for the purchase of any or all of the shares of Common Stock subject hereto, after the record date for determining shareholders entitled to receive such Distribution, to receive the amount of such assets (or rights) which would have been payable to the Holder had such Holder been the Holder of such shares of Common Stock on the record date for determination of stockholders entitled to such Distribution.

(d) Notices.

(i) Immediately upon any adjustment of the Exercise Price, the Company will give written notice thereof to the Holder of this Warrant, setting forth in reasonable detail and certifying the calculation of such adjustment.

(ii) The Company will give written notice to the Holder of this Warrant prior to the date on which the Company closes its books or takes a

record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to Common Stock stockholders or (C) for determining rights to vote with respect to any Organic Change, dissolution or liquidation and in no event shall such notice be provided to such Holder prior to such information being made known to the public.

(iii) The Company will also give written notice to the Holder of this Warrant prior to the date on which any Organic Change, dissolution or liquidation will take place and in no event shall such notice be provided to such Holder prior to such information being made known to the public.

Section 9. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on receipt of an indemnification undertaking, issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed.

Section 10. Notice. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) upon receipt, when delivered by a delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

DataJungle Software Inc.  
1 Hines Road  
Suite 202  
Ottawa, Canada K2K 3C7  
Telephone: (613) 254-7246  
Telefax: (613) 254-7250

If to the Holder of this Warrant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each party shall provide five days' prior written notice to the other party of any change in address or facsimile number.

Section 11. Cancellation

If for any reason whatsoever prior to July 31, 2006 the Company decides to terminate the Consulting Agreement ("the Agreement") dated effective November 22, 2004 by and between the Company and Insight Corporation and the Company has not received an additional \$2,000,000 of equity investment, and/or of financing convertible into equity, during the period July 1, 2004 to July 31, 2006 from any and all sources, it is agreed and

understood that the Company will have the right to retract and cancel this Warrant. If the Company decides to terminate the Agreement after July 31, 2006, it is agreed and understood that this Warrant may not be cancelled and may be exercised on or prior to the Expiration Date.

Section 12. Miscellaneous.

(a) No Voting Rights; Limitation of Liability - Prior to exercise, this Warrant will not entitle the Holder to any voting rights or other rights as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the Holder to exercise this Warrant, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of the Warrant Shares pursuant to the exercise hereof.

(b) Waiver and Modification This Warrant and any term hereof may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party or Holder hereof against which enforcement of such change, waiver, discharge or termination is sought.

(c) Headings - The headings in this Warrant are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(d) Governing Law - THIS WARRANT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA. The Holder hereby submits to the jurisdiction of the State of Nevada and agrees that service of all writs, process and summonses in any such suit, action or proceeding brought in the United States against the Company may be made upon the Escrow Agent and shall be governed by and interpreted under the laws of the State of Nevada without regard to principles of conflicts of law thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: January 17, 2005

**DATAJUNGLE SOFTWARE INC.**

By: \_\_\_\_\_  
Name: Edward J. Munden  
Title: President & CEO

By: \_\_\_\_\_  
Name: Larry Bruce  
Title: Vice President Finance

**EXHIBIT A**

**EXERCISE NOTICE**

To: DataJungle Software Inc.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(e), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(e).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended.

[PURCHASER]

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

**EXHIBIT B**

**ASSIGNMENT FORM**

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to exercise the Warrant.)

FOR VALUE RECEIVED, the foregoing Warrant for the purchase of \_\_\_\_\_ Warrant Shares of Common stock of DataJungle Software Inc. and all rights evidenced thereby are hereby assigned to

\_\_\_\_\_ whose address is

\_\_\_\_\_.

A new Warrant for the balance of the Warrant Shares not assigned is to be reissued to the Holder.

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address: \_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed or Notarized:

\_\_\_\_\_

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Series B Common Stock Purchase Warrant



Series B Common Stock Purchase Warrant Holder	Number Outstanding as at December 31, 2004	Number Outstanding as at March 21, 2005
Synergistic Affiliates, Inc.	Nil	750,000
Windstar Corporation	Nil	750,000

**CONSULTING AGREEMENT**

This Consulting Agreement (the "Agreement"), effective as of November 22, 2004 is entered into by and between **DataJungle Software Inc.** (herein referred to as the "Company") and **Insight Corporation** (herein referred to as the "Consultant").

**RECITALS**

**WHEREAS**, Consultant has experience in the area of investor communications and financial and investor public relations; and

**WHEREAS**, the Company desires to engage the services of Consultant to assist and consult with the Company in matters concerning investor relations and to represent the Company in investors communications and public relations with existing shareholders, brokers, dealers and other investment professionals as to the Company's current and proposed activities;

**NOW THEREFORE**, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

1. Duties of Consultant. The Consultant agrees that it will generally provide the following specified consulting services ("Duties") through its officers, employees and subcontractors during the term of the Agreement:
  - (a) Advise and assist the Company in developing and implementing appropriate plans and materials for presenting the Company and its business plans, strategy and personnel to the financial community, establishing an image for the investments in the financial community, and creating the foundation for subsequent financial public relations efforts;
  - (b) Introduce the Company to the financial community;
  - (c) With the cooperation of the Company, maintain an awareness of the Company's plans, strategy and personnel, as they may evolve, and advise and assist the Company in communicating appropriate information regarding such plans, strategy and personnel to the financial community;
  - (d) Assist and advise the Company with respect to the Company's (i) stockholder and investor relations, (ii) relations with brokers, dealers, analysts and other investment professionals, and (iii) financial public relations generally;
  - (e) Perform the functions generally assigned to investor/stockholder relations and public relations departments in major corporations, including responding to telephone and written inquiries (which may be referred to the Consultant by the Company); preparing news releases for the Company with the Company's involvement and approval or reviewing news releases, reports and other communications with or to shareholders, the investment community and the general public; advising with respect to the timing, form, distribution and other matters related to such releases, reports and communications; and consulting with respect to corporate symbols, logos, names, the presentation of such symbols, logos and names, and other matters relating to corporate image;

- (f) Upon the Company's approval, disseminate information regarding the Company to shareholders, brokers, dealers, other investment community professionals and the general investing public;
  - (g) Upon the Company's approval, conduct meetings, in person or by telephone, with brokers, dealers, analysts and other investment professionals to advise them of the Company's plans, goals and activities, and to assist the Company in preparing for press conferences and other forums involving the media, investment professionals and the general investment public;
  - (h) At the Company's request, review business plans, strategies, mission statements, budgets, proposed transactions and other plans for the purpose of advising the Company of the investment community implications thereof; and,
  - (i) Otherwise perform as the Company's financial relations and public relations consultant.
2. Allocation of Time and Energies. The Consultant hereby promises to perform and discharge well and faithfully the responsibilities which may be assigned to the Consultant from time to time by the officers and duly authorized representatives of the Company in connection with the conduct of its financial and investor public relations and communications activities, so long as such activities are in compliance with applicable securities laws and regulations. Consultant shall diligently and thoroughly provide the consulting services required hereunder. Although no specific hours-per-day requirement will be required, Consultant and the Company agree that Consultant will perform the duties set forth hereinabove in a diligent and professional manner.
3. Remuneration. As full and complete compensation for services described in this Agreement, the Company shall pay as of the date of this agreement to the direction of the Consultant the amount of 3,000,000 fully assignable warrants ("Warrants") at an exercise price of \$0.50 per share expiring on December 31, 2009, with cashless exercise provisions, and issuable to the Consultant and to the subcontractors of the Consultant as follows:
- |   |                                     |                  |
|---|-------------------------------------|------------------|
| - | Insight Corporation                 | 750,000 Warrants |
| - | Pacific Management Services, L.L.C. | 750,000 Warrants |
| - | Synergistic Affiliates, Inc.        | 750,000 Warrants |
| - | Windstar Corp.                      | 750,000 Warrants |
- The Company agrees that all shares underlying ("Shares") and the Warrants issuable to the Consultant and its subcontractors hereunder shall carry "piggyback registration rights" whereby such Shares will be included in the next appropriate registration statement filed by the Company. The Company undertakes, that if the Warrants are assigned, it will reissue the Warrants at the direction of the assignor.
4. Expenses. Consultant agrees to pay for all its expenses (phone, labor, etc.) incurred pursuant to this Agreement, other than extraordinary items (travel required by/or specifically requested by the Company, luncheons or dinners to large groups of investment professionals, mass faxing to a sizable percentage of the Company's constituents, investor conference calls, print advertisements in publications, etc.) approved by the Company prior to its incurring an obligation for reimbursement. All expenses in excess of \$500 will be pre-approved in writing by the Company.

5. Confidentiality. The Company will furnish Consultant with such information as Consultant may reasonably request for Consultant's use in connection with its Duties. The Company recognizes and confirms that (i) Consultant will use and rely primarily on the information furnished to Consultant by the Company and on information available to Consultant from generally recognized public sources without having independently verified the same and (ii) Consultant does not assume responsibility for the accuracy or completeness of said information. The Company hereby represents and warrants the information furnished by it to Consultant, taken as a whole, will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not false or misleading. The Company further agrees that it will immediately notify Consultant of the occurrence of any event or circumstance that results in the above representation regarding such information not continuing to be true during the entire term of Consultant's engagement hereunder.

Consultant shall keep any information or documentation about or received from the Company strictly confidential as between Consultant and the Company until such time as and to the extent only that it becomes publicly available otherwise than by a breach of this or any other confidentiality agreement to which the Company is a party. Consultant acknowledges that breach of this obligation will cause irreparable harm to the Company that may not be compensable in damages and agrees that, without limitation to any other right or remedy to which the Company may otherwise be entitled in consequence thereof, such breach may be restrained by injunction without proof of actual damage.

The Company will protect, indemnify and hold harmless Consultant against any claims or litigation including any damages, liability, cost and reasonable attorney's fees as incurred with respect thereto resulting from Consultant's communication or dissemination of any said information, documents or materials not designated by the Company to the Consultant as "confidential" or "Company private", excluding any such claims or litigation resulting from Consultant's communication or dissemination of information not provided or authorized by the Company.

6. Representations. Consultant represents that it is not required to maintain any licenses and registrations under federal or any state regulations necessary to perform the services set forth herein. Consultant acknowledges that, to the best of its knowledge, the performance of the services set forth under this Agreement will not violate any rule or provision of any regulatory agency having jurisdiction over Consultant. Consultant acknowledges that, to the best of its knowledge, Consultant and its officers and directors are not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws. Consultant further acknowledges that it is not a securities Broker Dealer or a registered investment advisor. Company acknowledges that, to the best of its knowledge, that it has not violated any rule or provision of any regulatory agency having jurisdiction over the Company. Company acknowledges that, to the best of its knowledge, Company is not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws.

In connection with the acquisition of Shares or Warrants hereunder, the Consultant represents and warrants to the Company as follows:

- (a) Consultant acknowledges that the Consultant has been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning an investment in the Shares and Warrants, and any additional information, which the Consultant has requested.

(b) Consultant has had experience in investments in restricted and publicly traded securities, and Consultant has had experience in investments in speculative securities and other investments, which involve the risk of loss of investment. Consultant acknowledges that an investment in the Shares and Warrants is speculative and involves the risk of loss. Consultant has the requisite knowledge to assess the relative merits and risks of this investment without the necessity of relying upon other advisors, and Consultant can afford the risk of loss of its entire investment in the Shares and Warrants. Consultant is an accredited investor, as that term is defined in Regulation D promulgated under the Securities Act of 1933.

(c) Consultant and its subcontractors shall each sign a subscription agreement acceptable to the Company prior to the issuance of any Shares or Warrants.

7. Status as Independent Contractor. Consultant's engagement pursuant to this Agreement shall be as independent contractor, and not as an employee, officer or other agent of the Company. Neither party to this Agreement shall represent or hold itself out to be the employer or employee of the other. Consultant further acknowledges the consideration provided herein above is a gross amount of consideration and that the Company will not withhold from such consideration any amounts as to income taxes, social security payments or any other payroll taxes. All such income taxes and other such payment shall be made or provided for by Consultant and the Company shall have no responsibility or duties regarding such matters. Neither the Company nor the Consultant possess the authority to bind each other in any agreements without the express written consent of the entity to be bound.
8. Attorney's Fee. If any legal action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with or related to this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs in connection with that action or proceeding, in addition to any other relief to which it or they may be entitled.
9. Waiver. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such other party.
10. Notices. All notices, requests, and other communications hereunder shall be deemed to be duly given if sent by telefacsimile or by courier to the other party at the address as set forth herein below:

To the Company:  
DataJungle Software Inc.  
1 Hines Road  
Suite 202  
Ottawa, Canada  
K2K 3C7

To the Consultant:  
Insight Corporation  
4651 Roswell Road, Suite B-106  
Atlanta, Ga 30356  
U.S.A.

It is understood that either party may change the address to which notices for it shall be addressed by providing notice of such change to the other party in the manner set forth in this paragraph.

11. Choice of Law, Jurisdiction and Venue. This agreement shall be governed by, subject to, and construed in accordance with the laws of the State of Georgia, regardless of conflicts. The parties hereto hereby expressly consent to the exclusive jurisdiction and venue in the Fulton County, Georgia, Superior Court or in the Federal Court, Northern District of Georgia.
12. Term. The term of this Agreement ("Term") shall commence on the date hereof and continue until December 31, 2008. The Company may terminate this Agreement at any time by giving Consultant prior written notice of such termination. If the Company decides to terminate this Agreement prior to July 31, 2006 for any reason whatsoever and the Company has not received an additional \$2,000,000 of equity investment, and/or of financing convertible into equity, during the period July 1, 2004 to July 31, 2006 from any and all sources, it is agreed and understood that the Company will have the right to retract and cancel 1,500,000 of the Warrants issued pursuant to Paragraph 3 hereunder. If the Company decides to terminate this Agreement after July 31, 2006 and prior to the end of the Term for any reason whatsoever, it is agreed and understood that Consultant will not be requested or demanded by the Company to return any of the Warrants paid to it hereunder.

Any obligation pursuant to paragraphs 3, 4 & 5 shall survive the termination of this Agreement.
13. Complete Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement and its terms may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.
14. Counterparts & Telefacsimile. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall constitute one agreement. A telefacsimile of this Agreement may be relied upon as full and sufficient evidence as an original.
15. Benefit/Burden. The parties agree that this Agreement shall be binding upon and shall be for the benefit of each of their respective heirs, successors, assigns, subsidiaries, parent companies, and related or affiliated companies.
16. Severability. If any provision of this Agreement or any portion of any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter or affect the remaining portions of this Agreement or of such provision, as such provision of this Agreement shall be severable from all other provisions hereof.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT EFFECTIVE  
THE DATE WRITTEN ABOVE.

"Company"

**DataJungle Software Inc.**

By: \_\_\_\_\_

Name: E. J. Munden

Title: President & CEO

By: \_\_\_\_\_

Name: L.R. Bruce

Title: VP Finance

"Consultant"

**Insight Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CONSULTING AGREEMENT**

This Consulting Agreement (the "Agreement"), effective as of January 1, 2005 is entered into by and between **DataJungle Software Inc.** (herein referred to as the "Company") and Scott Christie (herein referred to as the "Consultant").

**RECITALS**

**WHEREAS**, Consultant has experience in the area of finance and of investor communications and financial and investor public relations; and

**WHEREAS**, the Company desires to engage the services of Consultant to act as its non-exclusive financial advisor and to assist and consult with the Company in matters concerning the raising of financing and of investor relations and to represent the Company in finance and in investors communications and public relations with existing shareholders, brokers, dealers and other investment professionals as to the Company's current and proposed activities;

**NOW THEREFORE**, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

1. Duties of Consultant. The Consultant agrees that it will generally provide the following specified consulting services ("Services") through its officers and employees during the term specified in Section 12:
  - (a) Advise and assist the Company in developing and implementing appropriate plans and materials for presenting the Company and its business plans, strategy and personnel to the financial community, establishing an image for the Company in the financial community, and creating the foundation for subsequent financial public relations efforts;
  - (b) Introduce the Company to the financial community and advise and assist the Company in raising additional financing;
  - (c) With the cooperation of the Company, maintain an awareness during the term of this Agreement of the Company's plans, strategy and personnel, as they may evolve during such period, and advise and assist the Company in communicating appropriate information regarding such plans, strategy and personnel to the financial community;
  - (d) Assist and advise the Company with respect to: (i) stockholder and investor relations, (ii) relations with brokers, dealers, analysts and other investment professionals, and (iii) financial public relations generally;
  - (e) Upon the Company's approval, disseminate information regarding the Company to the Consultant's key contacts in the finance and investment community;
  - (f) Upon the Company's approval, conduct meetings, in person or by telephone, with brokers, dealers, analysts and other investment professionals to advise them of the Company's plans, goals and activities, and to assist the Company in preparing for meetings and presentations involving the media, investment professionals and the general investment public;



- (g) At the Company's request, review business plans, strategies, mission statements, budgets, proposed transactions and other plans for the purpose of advising the Company of the investment community implications thereof; and,
  - (i) Otherwise perform as the Company's financial advisor and as its financial relations and public relations consultant.
2. Allocation of Time and Energies. The Consultant hereby promises to perform and discharge well and faithfully the responsibilities which may be assigned to the Consultant from time to time by the officers and duly authorized representatives of the Company in connection with the conduct of its financial and investor public relations and communications activities, so long as such activities are in compliance with applicable securities laws and regulations. Consultant shall diligently and thoroughly provide the consulting services required hereunder. Although no specific hours-per-day requirement will be required, Consultant and the Company agree that Consultant will perform the duties set forth hereinabove in a diligent and professional manner.
3. Remuneration. As compensation for Services described in this Agreement, the Company shall pay the Consultant 200,000 warrants ("Warrants") for the purchase of shares ("Warrant Shares") of common stock of the Company, at an exercise price of \$0.50 per share and expiring on December 31, 2009, and for whom the Consultant initially shall provide Services, plus 200,000 shares ("Shares") of common stock of the Company. The Warrants and Shares are to be transferred, assigned or issued to the written direction of the Consultant.

Consultant acknowledges that the Warrants, the Warrant Shares and the Shares (collectively, the "Securities") have not been registered under the Securities Act of 1933 (the "Act"), and accordingly are "restricted securities" within the meaning of Rule 144 of the Act. As such, the Securities may not be resold or transferred unless the Company has received an opinion of counsel reasonably satisfactory to the Company that such resale or transfer is exempt from the registration requirements of that Act.

If there is no effective Registration Statement registering the resale of the Warrant Shares by the Consultant or its assignee(s) (collectively the "Holder") at such time, the Company also agrees on a best efforts basis with bona fides intent that upon written notice from the Holder to the Company requesting exercise of the Warrants, (i) it will on or after March 31, 2005 facilitate the exercise of any or all of the Warrants into Shares on a cashless exercise basis and then facilitate the exchange of the Shares for the same number of freely transferable Shares; (ii) if the Warrants cannot be exercised on a cashless exercise basis, then the Company undertakes to facilitate the assignment of the Warrants to the direction of the Company in return for transfer to the Holder of the number of freely transferable Shares that would have been received by the Holder if he had been able to convert the Warrants on a cashless exercise basis; and/or (iii) facilitate the exchange or swap with a third party shareholder of the Shares for freely trading shares of common stock of the Company.

4. Expenses. Consultant agrees to pay for all its expenses (phone, labor, etc.) incurred pursuant to this Agreement, other than extraordinary items (travel required by/or specifically requested by the Company, luncheons or dinners to large groups of investment professionals, mass faxing to a sizable percentage of the Company's constituents, investor conference calls, print advertisements in publications, etc.) approved by the Company prior to its incurring an obligation for reimbursement. All expenses in excess of \$500 will be pre-approved in writing by the Company.
5. Confidentiality & Indemnification: The Company will furnish Consultant with such information as Consultant may reasonably request for Consultant's use in connection with its Duties. The

Company recognizes and confirms that (i) Consultant will use and rely primarily on the information furnished to Consultant by the Company and on information available to Consultant from generally recognized public sources without having independently verified the same and (ii) Consultant does not assume responsibility for the accuracy or completeness of said information. The Company hereby represents and warrants the information furnished by it to Consultant, taken as a whole, will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not false or misleading. The Company further agrees that it will immediately notify Consultant of the occurrence of any event or circumstance that results in the above representation regarding such information not continuing to be true during the entire term of Consultant's engagement hereunder.

Consultant shall keep any information or documentation about or received from the Company strictly confidential as between Consultant and the Company until such time as and to the extent only that it becomes publicly available otherwise than by a breach of this or any other confidentiality agreement to which the Company is a party. Consultant acknowledges that breach of this obligation will cause irreparable harm to the Company that may not be compensable in damages and agrees that, without limitation to any other right or remedy to which the Company may otherwise be entitled in consequence thereof, such breach may be restrained by injunction without proof of actual damage.

The Company will protect, indemnify and hold harmless Consultant against any claims or litigation including any damages, liability, cost and reasonable attorney's fees as incurred with respect thereto resulting from Consultant's communication or dissemination of any said information, documents or materials not designated by the Company to the Consultant as "confidential" or "Company private", excluding any such claims or litigation resulting from Consultant's communication or dissemination of information not provided or authorized by the Company.

6. Representations. In connection with the acquisition of Securities hereunder, the Consultant represents and warrants to the Company as follows:

(i) Consultant acknowledges that the Consultants have been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning an investment in the Securities, and any additional information, which the Consultant has requested.

(ii) Consultant's investment in restricted securities is reasonable in relation to the Consultant's net worth, which is in excess of ten (10) times the Consultants' cost basis in the Securities. Consultant has had experience in investments in restricted and publicly traded securities, and Consultant has had experience in investments in speculative securities and other investments, which involve the risk of loss of investment. Consultant acknowledges that an investment in the Securities is speculative and involves the risk of loss. Consultant has the requisite knowledge to assess the relative merits and risks of this investment without the necessity of relying upon other advisors, and Consultant can afford the risk of loss of his entire investment in the Securities. Consultant is an accredited investor, as that term is defined in Regulation D promulgated under the Securities Act of 1933.

(iii) Consultant is acquiring the Securities for the Consultant's own account for long-term investment and not with a view toward resale or distribution thereof except in accordance with applicable securities laws.

(iv) Consultant represents that it is not required to maintain any licenses and registrations under federal or any state regulations necessary to perform the services set forth herein. Consultant

acknowledges that, to the best of its knowledge, the performance of the services set forth under this Agreement will not violate any rule or provision of any regulatory agency having jurisdiction over Consultant. Consultant acknowledges that, to the best of its knowledge, Consultant and its officers and directors are not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws. Consultant further acknowledges that it is not a securities Broker Dealer or a registered investment advisor. Company acknowledges that, to the best of its knowledge, that it has not violated any rule or provision of any regulatory agency having jurisdiction over the Company. Company acknowledges that, to the best of its knowledge, Company is not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws.

7. Status as Independent Contractor. Consultant's engagement pursuant to this Agreement shall be as independent contractor, and not as an employee, officer or other agent of the Company or of the Investments. Neither party to this Agreement shall represent or hold itself out to be the employer or employee of the other. Consultant further acknowledges the consideration provided herein above is a gross amount of consideration and that the Company will not withhold from such consideration any amounts as to income taxes, social security payments or any other payroll taxes. All such income taxes and other such payment shall be made or provided for by Consultant and the Company shall have no responsibility or duties regarding such matters. Neither the Company nor the Consultant possess the authority to bind each other in any agreements without the express written consent of the entity to be bound.
8. Attorney's Fee. If any legal action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with or related to this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs in connection with that action or proceeding, in addition to any other relief to which it or they may be entitled.
9. Waiver. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such other party.
10. Notices. All notices, requests, and other communications hereunder shall be deemed to be duly given if sent by telefacsimile or by courier to the other party at the address as set forth herein below:

To the Company:       DataJungle Software Inc.  
                              1 Hines Road  
                              Suite 202  
                              Ottawa, Canada K2K 3C7

Fax No: 613-254-7250

To the Consultant:     Scott Christie  
                              7626 Albert Tillinghast  
                              Sarasota, Fla 34240  
                              U.S.A.

Fax No: 941-378-1444

It is understood that either party may change the address to which notices for it shall be addressed by providing notice of such change to the other party in the manner set forth in this paragraph.

11. Choice of Law, Jurisdiction and Venue. This agreement shall be governed by, subject to, and construed in accordance with the laws of the State of Georgia, regardless of conflicts. The parties hereto hereby expressly consent to the exclusive jurisdiction and venue in the Fulton County, Georgia, Superior Court or in the Federal Court, Northern District of Georgia.
12. Term. The term of this Agreement shall commence on the date hereof and terminate on December 31, 2005. Any obligation pursuant to paragraph 5 shall survive the termination of this Agreement.
13. Complete Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement and its terms may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.
14. Counterparts & Telefacsimile. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall constitute one agreement. A telefacsimile of this Agreement may be relied upon as full and sufficient evidence as an original.
15. Benefit/Burden. The parties agree that this Agreement shall be binding upon and shall be for the benefit of each of their respective heirs, successors, assigns, subsidiaries, parent companies, and related or affiliated companies.
16. Severability. If any provision of this Agreement or any portion of any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter or affect the remaining portions of this Agreement or of such provision, as such provision of this Agreement shall be severable from all other provisions hereof.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT EFFECTIVE THE DATE WRITTEN ABOVE.

"Company"

**DataJungle Software Inc.**

By: \_\_\_\_\_  
Edward J. Munden, President & CEO

By: \_\_\_\_\_  
Larry Bruce, Vice President Finance

"Consultant"

**Scott Christie**

By: \_\_\_\_\_  
Scott Christie

**Exhibit 31.a**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward Munden, President & Chief Executive Officer of DataJungle Software Inc., certify that:

- (1) I have reviewed this report on Form 10-KSB of DataJungle Software Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operation and cash flows of the small business issuer as of, and for, the periods represented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

/s/Edward Munden  
Edward Munden  
President & Chief Executive Officer

Date: March 31, 2005

**Exhibit 31.b**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Larry Bruce, Vice President Finance, Secretary and Treasurer of DataJungle Software Inc., certify that:

- (1) I have reviewed this report on Form 10-KSB of DataJungle Software Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operation and cash flows of the small business issuer as of, and for, the periods represented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

/s/Larry Bruce

Larry Bruce

Vice President Finance, Secretary & Treasurer

Date: March 31, 2005

**Exhibit 32.a**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of DataJungle Software Inc. (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 10-KSB for the year ended December 31, 2004 (the “Form 10-KSB”) of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Form 10-KSB fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-KSB.

Dated: March 31, 2005

/s/Edward Munden

Edward Munden

President & Chief Executive Officer

The foregoing certification is being furnished as an exhibit to the Form 10-KSB pursuant to Item 601(b)(32) of Regulation S-B and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-KSB for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Exhibit 32.b**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of DataJungle Software Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Report on Form 10-KSB for the year ended December 31, 2004 (the "Form 10-KSB") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Form 10-KSB fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-KSB.

Dated: March 31, 2005

/s/Larry Bruce  
Larry Bruce  
Vice President Finance, Secretary & Treasurer

The foregoing certification is being furnished as an exhibit to the Form 10-KSB pursuant to Item 601(b)(32) of Regulation S-B and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-KSB for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.