



FORM 10-Q

STOCKHOUSE INC - STKH

Filed: August 13, 2008 (period: June 30, 2008)

Quarterly report which provides a continuing view of a company's financial position

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

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

For the transition period from: _____ to _____

Commission file number: 0-23687

STOCKHOUSE INC.

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction of incorporation or organization)

84-1379282

(IRS Employer Identification No.)

Suite 500-750 West Pender Street, Vancouver, British Columbia, V6C 2T7

(Address of principal executive offices)

(604) 331-0995

(Registrant's telephone number, including area code)

STOCKGROUP INFORMATION SYSTEMS INC.

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes: No:

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by court. Yes: No:

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 41,295,922 common shares at August 11, 2008 (no par value)

STOCKHOUSE INC.
FORM 10-Q

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PART I. FINANCIAL INFORMATION

STOCKHOUSE INC.
(formerly Stockgroup Information Systems Inc.)
CONSOLIDATED BALANCE SHEETS
(Expressed in Thousands of U.S. Dollars, except number of shares and per share information)
(Unaudited)

| | June 30, 2008 | December 31, 2007 |
|--|------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,494 | \$ 2,821 |
| Accounts receivable (net of allowances of \$539 and \$456) | 1,466 | 1,906 |
| Prepaid and other current assets | 531 | 752 |
| TOTAL CURRENT ASSETS | 5,491 | 5,479 |
| Property and equipment, net (note 6) | 624 | 703 |
| Goodwill (note 3) | - | 99 |
| Intangible assets, net (notes 3 and 4) | 506 | 1,530 |
| TOTAL ASSETS | \$ 6,621 | \$ 7,811 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable (note 6) | \$ 2,492 | \$ 1,818 |
| Accrued liabilities (note 6) | 2,202 | 2,824 |
| Deferred revenues | 1,257 | 1,341 |
| Capital lease obligations | 163 | 190 |
| TOTAL CURRENT LIABILITIES | 6,114 | 6,173 |
| Long-term payable | - | 41 |
| Long-term capital lease obligations | 30 | 66 |
| Long-term deferred revenues | 32 | 15 |
| TOTAL LIABILITIES | 6,176 | 6,295 |
| Shareholders' Equity (note 5): | | |
| Preferred stock: | | |
| authorized 5,000,000 shares | | |
| Series A convertible; \$1,000 per share | 2,969 | - |
| Common stock, no par value: | | |
| authorized 75,000,000 shares; | | |
| issued and outstanding 41,295,922 and 40,916,921 shares | 18,910 | 18,902 |
| Additional paid-in capital | 3,803 | 3,652 |
| Accumulated deficit | (25,237) | (21,038) |
| TOTAL SHAREHOLDERS' EQUITY | 445 | 1,516 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 6,621 | \$ 7,811 |
| <i>Continuing operations (note 1)</i> | | |
| <i>Commitments and contingencies (note 8)</i> | | |
| <i>Guarantees (note 9)</i> | | |

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

STOCKHOUSE INC.
(formerly Stockgroup Information Systems Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Thousands of U.S. Dollars, except per share data)
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 2008 | June 30, 2007 | 2008 | June 30, 2007 |
| REVENUES | | | | |
| Licensing and subscriptions | \$ 2,567 | \$ 2,614 | \$ 5,191 | \$ 4,789 |
| Advertising services | 699 | 1,091 | 1,574 | 2,016 |
| TOTAL REVENUES | \$ 3,266 | \$ 3,705 | \$ 6,765 | \$ 6,805 |
| OPERATING COSTS AND EXPENSES | | | | |
| Cost of revenues (exclusive of amortization) | 1,441 | 1,590 | 2,911 | 2,860 |
| Sales and marketing | 1,275 | 1,260 | 2,656 | 2,353 |
| Research and development | 370 | 386 | 752 | 671 |
| General and administrative | 1,964 | 1,435 | 3,878 | 2,450 |
| Amortization of intangible assets | 144 | 271 | 288 | 271 |
| Impairment of goodwill | 99 | - | 99 | - |
| Impairment of intangible assets | 736 | - | 736 | - |
| TOTAL OPERATING EXPENSES | 6,029 | 4,942 | 11,320 | 8,605 |
| Loss from operations | (2,763) | (1,237) | (4,555) | (1,800) |
| Interest and other income, net (note 8) | 11 | 26 | 357 | 33 |
| Net loss before income taxes | (2,752) | (1,211) | (4,198) | (1,767) |
| Provision for income taxes | 1 | - | 1 | 1 |
| Net loss and comprehensive loss | \$ (2,753) | \$ (1,211) | \$ (4,199) | \$ (1,768) |
| Net loss per common share: | | | | |
| Basic and diluted | \$ (0.07) | \$ (0.03) | \$ (0.10) | \$ (0.05) |
| Common shares used in computing basic and diluted net loss per share (thousands) | | | | |
| | 41,507 | 38,835 | 41,307 | 37,676 |

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

STOCKHOUSE INC.
(formerly Stockgroup Information Systems Inc.)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Thousands)
(Unaudited)

| | Preferred shares No. of shares | Preferred shares U.S.\$ | Common stock No. of shares | Common stock U.S.\$ | Additional paid-in capital U.S.\$ | Accumulated deficit U.S.\$ | Total Shareholders' Equity U.S.\$ |
|--|---|-------------------------------|-------------------------------------|---------------------------|--|----------------------------------|--|
| Balance at December 31, 2006 | - | - | 35,350 | 13,793 | 3,394 | (15,904) | 1,283 |
| Issuance of common shares pursuant to exercise of employee stock options | - | - | 734 | 236 | (54) | - | 182 |
| Private placement transaction – common shares and warrants | - | - | 3,333 | 4,033 | 96 | - | 4,129 |
| Issuance of common shares pursuant to business acquisition | - | - | 1,500 | 840 | - | - | 840 |
| Stock based compensation | - | - | - | - | 216 | - | 216 |
| Net loss and comprehensive loss | - | - | - | - | - | (5,134) | (5,134) |
| Balance at December 31, 2007 | - | - | 40,917 | 18,902 | 3,652 | (21,038) | 1,516 |
| Issuance of series A convertible preferred shares | 3 | 2,969 | - | - | - | - | 2,969 |
| Issuance of common stock pursuant to exercise of employee stock options | - | - | 780 | 176 | (9) | - | 167 |
| Shares returned to settle acquisition liabilities (note 3) | - | - | (400) | (168) | - | - | (168) |
| Stock based compensation | - | - | - | - | 160 | - | 160 |
| Net loss and comprehensive loss | - | - | - | - | - | (4,199) | (4,199) |
| Balance at June 30, 2008 | 3 | 2,969 | 41,297 | 18,910 | 3,803 | (25,237) | 445 |

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

STOCKHOUSE INC.
(formerly Stockgroup Information Systems Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of U.S. Dollars)
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|--------------|
| | 2008 | 2007 |
| Operating activities: | | |
| Net loss | \$ (4,199) | (1,768) |
| Adjustments to reconcile net loss to net cash (used in) / provided by operating activities: | | |
| Amortization of property and equipment | 179 | 216 |
| Amortization of intangible assets | 288 | 271 |
| Impairment of goodwill | 99 | - |
| Impairment of intangible assets | 736 | - |
| Stock-based compensation | 160 | 80 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 440 | 174 |
| Prepaid and other current assets | (79) | (182) |
| Accounts payable | 654 | 560 |
| Accrued liabilities | (495) | 118 |
| Deferred revenues | (67) | 237 |
| CASH USED IN OPERATING ACTIVITIES | (2,284) | (294) |
| Investing activities: | | |
| Purchases of property and equipment | (18) | (70) |
| Acquisition of Mobile Finance Division (note 3) | - | (224) |
| Acquisition of Semotus Assets (note 4) | (34) | (181) |
| CASH USED IN INVESTING ACTIVITIES | (52) | (475) |
| Financing activities: | | |
| Proceeds on exercise of stock options | 167 | 119 |
| Proceeds from issuance of preferred shares, net of costs | 2,969 | - |
| Proceeds on private placement, net of costs | - | 4,146 |
| Repayment of capital lease obligations | (127) | (56) |
| CASH PROVIDED BY FINANCING ACTIVITIES | 3,009 | 4,209 |
| Net increase in cash and cash equivalents | 673 | 3,440 |
| Cash and cash equivalents, beginning of period | 2,821 | 2,013 |
| Cash and cash equivalents, end of period | \$ 3,494 | 5,453 |
| Supplemental Cash Flow Information: | | |
| Cash | \$ 1,028 | \$ 1,573 |
| Cash equivalents | \$ 2,466 | \$ 3,880 |
| Interest paid | \$ 3 | \$ 22 |
| Taxes paid | \$ 1 | \$ - |
| Assets acquired through capital lease transactions | \$ 63 | \$ 78 |
| Value of shares issued for acquisition of Mobile Finance Division | \$ - | \$ 840 |
| Shares returned to settle acquisition liabilities | \$ 168 | \$ - |

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

STOCKHOUSE INC.
(formerly Stockgroup Information Systems Inc.)
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

1. BASIS OF PRESENTATION AND CONTINUING OPERATIONS

Effective July 10, 2008, the Company changed its name from Stockgroup Information Systems Inc. to Stockhouse Inc. (“Stockhouse” or the “Company”). As a result, effective July 21, 2008, Stockhouse traded on the Over-the-Counter Bulletin Board quotation service operated by the Nasdaq Stock Market, Inc. under its new trading symbol “STKH.OB” (previously since March 17, 1999 under the symbol “SWEB”) and on the TSX Venture Exchange under its new trading symbol “SHC.V” (previously since December 17, 2002 under the symbol “SWB”).

The accompanying unaudited interim consolidated financial statements of Stockhouse Inc. have been prepared by the Company in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). These unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and related footnotes thereto of the Company in its Annual Report on Form 10-KSB for the year ended December 31, 2007 as filed with the SEC on April 1, 2008. In the opinion of management, the adjustments considered necessary for fair presentation, all of which are of a normal and recurring nature have been included in these unaudited interim consolidated financial statements.

These financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations. The Company has a history of operating losses. During the six months ended June 30, 2008 the Company generated a loss of \$4,199,000 and used cash in operations of \$2,284,000. On May 13, 2008 the Company closed an equity financing transaction for net proceeds of \$2,969,000 (Note 5). Management believes that these proceeds, along with the Company’s existing cash resources, provide sufficient resources to fund continuing operations and corporate development for the next 12 months.

The business experiences seasonal variations with the fourth quarter sales usually being the strongest. The results of operations for the three and six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008 or for other future operating periods. All amounts are stated in U.S. dollars unless otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no new policies adopted or changes in the Company’s accounting policies during the six months ended June 30, 2008 from those previously disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2007 except as follows:

Fair Value Measurements

In September 2006, the FASB issued FAS No. 157 “*Fair Value Measurements*”, (“FAS 157”) which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement does not require any new fair value measurements but provides guidance in determining fair value measurements under other accounting pronouncements that require or permit fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Positions FAS 157-1 and FAS 157-2 which exclude FAS 13 “*Accounting for Leases*” from the scope of FAS 157 and defers the effective date of FAS 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity’s financial statements on a recurring basis. The Company adopted the provisions of FAS 157 (as amended by the FASB Staff Positions above) effective January 1, 2008. The adoption of FAS 157 did not impact the Company’s interim consolidated financial statements.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued FAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*”, (“FAS 159”) which permits entities to choose to measure at fair value, at specified election dates, many financial instruments and certain other items that are not currently required to be measured at fair value. This statement is expected to expand the use of fair value measurement. The objective of FAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The statement does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company adopted the provisions of FAS 159 commencing January 1, 2008 and currently the Company has not elected to report any additional assets or liabilities at fair value that were not already being reported at fair value. The adoption of FAS 159 did not impact the Company’s interim consolidated financial statements.

Recently issued accounting pronouncements

In December 2007, the FASB issued FAS No. 141 (revised 2007) “*Business Combinations*” (“FAS 141(R)”). FAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. FAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the potential impact, if any, of the adoption of FAS 141(R) on its consolidated financial statements.

In May 2008, the FASB issued FAS No. 162 “*The Hierarchy of Generally Accepted Accounting Principles*” (“FAS 162”). FAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. FAS 162 is effective sixty days following the SEC’s approval of PCAOB amendments to AU Section 411, “*The Meaning of ‘Present fairly in conformity with generally accepted accounting principles’*”. The Company is currently evaluating the potential impact, if any, of the adoption of FAS 162 on its consolidated financial statements.

3. BUSINESS ACQUISITION

On January 25, 2007 the Company announced that it had entered into a formal Purchase Agreement with TeleCommunication Systems, Inc. (“TCS”) pursuant to which the Company agreed to issue to TCS 1,500,000 common shares in the capital of the Company and to assume some TCS liabilities in exchange for certain assets of TCS that made up its Mobile Finance Division (“MFD”). The transaction closed on January 31, 2007. The acquisition of MFD was accounted for as a purchase of a business, with the Company being identified as the acquirer and MFD as the acquiree. These consolidated interim financial statements include 100% of the operating results of MFD from February 1, 2007.

At December 31, 2007, the allocation of the purchase price of \$1,188,000 included goodwill of \$99,000 and intangible assets of \$1,660,000, of which \$870,000 was allocated to intellectual property and \$790,000 was allocated to customer relationships.

The Company tests the carrying amount of identifiable intangible assets and goodwill annually as of December 31, or whenever events or circumstances indicate that impairment may have occurred. Due to the combination of continuing declining revenues from the acquired MFD business and the integration of former MFD European employee positions into the North American business, management concluded that there were sufficient indicators of impairment to test the carrying value of intangible assets and goodwill as at June 30, 2008. Impairment testing for goodwill is performed in accordance with FAS No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 142, requires the Company to complete a two-step process that begins with an estimation of the fair value of the reporting unit. The first step of the impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss, if any. The impairment test indicated that the implied fair value of the Company's goodwill was not in excess of its carrying value at June 30, 2008, and as a result the Company recorded an impairment loss of \$99,000 as a non-cash charge to operating expenses.

The Company evaluates long-lived tangible assets and definite-lived intangible assets for potential impairments in accordance with FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). Under FAS 144, an impairment loss is recognized only if the carrying amount of a definite-lived intangible asset is not recoverable and exceeds its fair value. Recoverability of these assets is determined based upon the expected undiscounted future net cash flows from the operations to which the assets relate, utilizing management's best estimates, appropriate assumptions and projections at the time. When analyzing intellectual property for impairment the Company uses a relief from royalty method which calculates the cost savings associated with owning rather than licensing the intellectual property, applying an assumed royalty rate within the Company's discounted cash flow calculation. If the carrying value is determined not to be recoverable from future operating cash flows, the asset is deemed impaired and an impairment loss is recognized to the extent the carrying value exceeds the estimated fair market value of the asset.

As a result of this evaluation, the Company recorded an impairment loss totaling \$524,000 to reduce the carrying value of the MFD definite-lived intangible assets to their estimated fair market value of \$347,000 for intellectual property and \$106,000 for customer relationships.

The following table presents details of the acquired MFD intangible assets, both before and after the impairment charge.

| (In thousands of Dollars) | Estimated Useful Life (in years) | January 31, | Net | Net | Net |
|---------------------------|-------------------------------------|-------------|----------|-------------|-------------|
| | | 2007 | Amount | Amount | Amount |
| | | Amount | December | June 30, | June 30, |
| | | | 31, 2007 | 2008 | 2008 (after |
| | | | | (before | impairment) |
| | | | | impairment) | impairment) |
| Intellectual property | 4 | \$ 870 | \$ 671 | \$ 562 | \$ 347 |
| Customer relationships | 2 - 4 | 790 | 547 | 415 | 106 |
| | | \$ 1,660 | \$ 1,218 | \$ 977 | \$ 453 |

The estimated future amortization expense of the MFD intangible assets is as follows:

| | |
|------------------|--------|
| 2008 (remainder) | 91 |
| 2009 | 174 |
| 2010 | 173 |
| 2011 | 15 |
| Total | \$ 453 |

For the three and six months ended June 30, 2008, respectively, amortization of MFD intangible assets was \$121,000 and \$242,000 (three and six months ended June 30, 2007 were each \$255,000).

Indemnity

Under the terms of the Purchase Agreement with TCS the Company is indemnified for certain undisclosed liabilities of MFD as at the date of the transaction. The indemnity was extended from April 30, 2008 to May 14, 2008. At March 31, 2008, the Company's best estimate was that there were \$300,000 of costs for liabilities not disclosed as at the date of acquiring MFD and therefore the Company had recorded a liability for this amount with a corresponding receivable for the same amount from TCS (included in prepaid and other current assets) as of March 31, 2008 and December 31, 2007.

The Company continued to work with TCS in the second quarter to review the undisclosed liabilities existing as at the date of the acquisition and concluded based on additional work completed that a revised estimate of \$148,000 was appropriate, which was recorded as a liability as of June 30, 2008. On June 13, 2008, TCS and the Company agreed to settlement terms under the Purchase Agreement that in compensation for these previously indemnified liabilities, TCS would return 400,000 of the 1,500,000 Stockhouse common shares issued as part of the purchase consideration. These 400,000 shares were valued at the date of the settlement at \$0.42 per share. The total value of the shares of \$168,000 is considered full payment for the initially undisclosed liabilities of \$148,000 plus costs of \$20,000 associated with additional professional fees incurred to determine the undisclosed liabilities as at the date of acquisition. The settlement agreement also provided for an extension of the indemnity period for certain claims of undisclosed liability for two years from June 13, 2008.

Pro forma Information (Unaudited)

The following interim *pro forma* consolidated financial summary is presented as if the acquisition of MFD was completed as of January 1, 2007. The *pro forma* combined results have been prepared for informational purposes only and do not purport to be indicative of the results which would have actually been attained had the business combination been consummated on the date indicated or of the results which may be expected to occur in the future.

| (In thousands of Dollars, except per share data) | Three Months Ended June 30, 2007 | Six Months Ended June 30, 2007 |
|---|--|--------------------------------------|
| REVENUES | | |
| Licensing and subscriptions | \$ 2,614 | \$ 5,299 |
| Advertising services | 1,091 | 2,015 |
| | <u>\$ 3,705</u> | <u>\$ 7,314</u> |
| Total operating expenses net of Other income (expense) | <u>4,814</u> | <u>9,280</u> |
| | | |
| Net loss and comprehensive loss | <u>\$ (1,109)</u> | <u>\$ (1,966)</u> |
| | | |
| Net loss per common share: Basic and diluted | <u>\$ (0.03)</u> | <u>\$ (0.06)</u> |
| | | |
| Common shares used in computing basic and diluted net loss per share (thousands) | <u>38,835</u> | <u>33,738</u> |

4. ASSET ACQUISITION

On May 8, 2007 the Company entered into an Asset Purchase Agreement with Semotus Solutions Inc. (“Semotus”) pursuant to which the Company agreed to acquire certain intangible assets related to Semotus’ Mobile Finance business for total cash consideration of up to \$350,000 payable as: (a) \$150,000 cash payable at the Closing Date; and (b) 30% of monthly gross revenues earned from customer contracts purchased from Semotus until the remaining \$200,000 of the purchase price is fully paid or within two years whichever occurs first. Should monthly gross revenues fall below \$15,000 per month the purchase price will be deemed to be paid in full.

This acquisition closed on May 8, 2007 and has been accounted for as an asset purchase transaction for a total cost of \$375,000 including \$25,000 for acquisition costs. The purchase consideration was allocated, based on management’s best estimates, to the identifiable intangible assets acquired in the amounts of \$140,000 for intellectual property and \$235,000 for customer relationships.

As revenues continued to decline from the acquired Semotus products, management concluded that there were sufficient indicators of impairment to test the carrying value of acquired intangible assets as at June 30, 2008. As discussed in Note 3, the Company evaluates definite-lived intangible assets for potential impairment in accordance with FAS 144. As a result of this evaluation, the Company recorded an impairment loss totaling \$212,000 at June 30, 2008 to reduce the carrying value of the Semotus definite-lived intangible assets to their estimated fair market value of \$53,000 for intellectual property. The fair market value of customer relationships was estimated at zero at June 30, 2008.

The following table presents details of the acquired Semotus identifiable intangible assets, both before and after the impairment charge.

| (In thousands of Dollars) | Estimated Useful Life (in years) | May 8, 2007 Amount | Net | Net | Net |
|---------------------------|-------------------------------------|--------------------------|----------------------|--|---|
| | | | Amount | Amount | Amount |
| | | | December 31, 2007 | June 30, 2008 (before impairment) | June 30, 2008 (after impairment) |
| Intellectual property | 4 | \$ 140 | \$ 116 | \$ 99 | \$ 53 |
| Customer relationships | 4 | 235 | 196 | 166 | - |
| | | \$ 375 | \$ 312 | \$ 265 | \$ 53 |

The estimated future amortization expense of the Semotus intangible assets is as follows:

| | |
|------------------|-------|
| 2008 (remainder) | 9 |
| 2009 | 19 |
| 2010 | 19 |
| 2011 | 6 |
| Total | \$ 53 |

For the three and six months ended June 30, 2008, respectively, amortization of the Semotus intangible assets was \$23,000 and \$46,000 (three and six months ended June 30, 2007 were each \$16,000).

For the three and six months ended June 30, 2008, purchase consideration of \$16,000 and \$34,000 (three and six months ended June 30, 2007 were each \$15,000) was paid to the vendor under the terms of the Asset Purchase Agreement. The total remaining consideration payable of \$102,000 is included in current accounts payable as all balances are due by May 2009. At December 31, 2007, the \$137,000 balance payable was recorded based on estimates of expected revenue and allocated as \$96,000 to accounts payable and \$41,000 as long-term payable.

5. SHAREHOLDERS' EQUITY

The Company is authorized to issue up to 75,000,000 shares of common stock and 5,000,000 shares of preferred stock. During the six months ended June 30, 2008, the Company issued shares on the exercise of stock options and issued preferred shares in an equity financing transaction. During 2007, the Company issued shares on the exercise of stock options and also in a private placement transaction.

Preferred Shares

On May 13, 2008, the Company closed a private placement according to the terms of a stock purchase agreement entered on April 30, 2008 with PEAK6 Capital Management LLC ("PEAK6"). Under the terms of the agreement the Company issued 3,000 shares of Series A convertible preferred stock at a price of \$1,000 per share to PEAK6 for net proceeds to the Company of \$2,969,000. Issue costs of \$31,000 were allocated to preferred shares. In the event of any liquidation, dissolution or winding up of the affairs of the Company, the preferred shareholders are entitled to be paid first out of the assets of the Company up to \$1,000 per share, subject to certain adjustments. Holders of preferred shares are entitled to receive dividends when, as, and if declared by the Company at a rate of 7%. Each preferred share is convertible to 2,200 common shares of the Company. The preferred shares are non-voting until conversion, are convertible 180 days after issuance, and automatically convert into common shares at the end of twenty four months from date of issuance at a price of \$0.4545 per common share. The Company may redeem the preferred shares at any time after 90 days by paying 110% of their value. Separate from the stock purchase agreement, the Company also entered into a strategic agreement whereby the Company provides market data, research and news to PEAK6's new online options information portal, The Options News Network.

Stock-Based Compensation Plans and Stock-Based Award Activity

During the six months ended June 30, 2008, the Company granted stock options to employees, management and non-employee directors under the 2007 Stock Option Plan (the "2007 Plan") which was approved in June 2007. Stock options granted under the 2007 Plan have a five year life and vest annually on the anniversary of the grant date over 3 years at a rate of 34% for the first year and 33% for the remaining two years. During the three months ended June 30, 2008, a performance stock option agreement for 250,000 options was executed whereby options are earned in defined amounts and, subject to the vesting provisions of the 2007 Plan, can be exercised only if the Company achieves certain pre-defined business targets before December 31, 2010. All options are denominated in U.S. dollars.

The following table provides information on the Company's outstanding options and options available for grant at June 30, 2008 and activity since December 31, 2007:

| | Options Outstanding | | | | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value - \$ (in thousands) |
|---|---------------------------------------|-------------------|--------------------|------------------------------------|--|---|
| | Number of Options Available For Grant | Number of Options | Price Per Share \$ | Weighted Average Exercise Price \$ | | |
| Balance at December 31, 2007 | 2,931,775 | 3,861,625 | \$ 0.12 - \$1.25 | \$ 0.64 | 2.34 | \$ 865 |
| Options granted | (1,487,000) | 1,487,000 | \$ 0.35 - \$0.59 | | | |
| Options exercised | - | (780,000) | \$ 0.17 - \$0.42 | | | |
| Options expired | - | (15,000) | \$ 0.29 | | | |
| Options forfeited | 425,000 | (425,000) | \$ 0.31 - \$1.24 | | | |
| Balance at June 30, 2008 | 1,869,775 | 4,128,625 | \$ 0.15 - \$1.25 | \$ 0.60 | 3.07 | \$ 59 |
| Vested and exercisable at June 30, 2008 | | 2,120,719 | | \$ 0.62 | 0.90 | \$ 59 |

The aggregate intrinsic value is equal to the difference between the quoted closing market price of the Company's common shares at June 30, 2008 and the exercise price of the underlying awards, where the stock options are in-the-money. At June 30, 2008 there were 1,357,250 in-the-money options outstanding of which all were vested and exercisable.

The following table summarizes the Company's unvested stock options as of June 30, 2008, and changes since December 31, 2007:

| | Number of Awards | Weighted-Average Grant Date Fair Value |
|-------------------------------|------------------|--|
| Unvested at December 31, 2007 | 1,098,906 | \$ 0.50 |
| Granted | 1,487,000 | \$ 0.35 |
| Vested | (153,000) | \$ 0.21 |
| Forfeited | (425,000) | \$ 0.44 |
| Unvested at June 30, 2008 | 2,007,906 | \$ 0.46 |

As of June 30, 2008 total unrecognized compensation expense related to unvested awards granted under the Company's stock option plans was \$426,000 and is expected to be recognized over a weighted-average period of 3 years. Forfeiture rates used to determine unrecognized compensation expense were based on forfeiture rates experienced for the year ended December 31, 2007.

Stock-Based Compensation Expense

During the three and six months ended June 30, 2008 and 2007, respectively, net loss included the following stock-based compensation expense:

| (In thousands of Dollars) | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | 2008 | June 30, 2007 | 2008 | June 30, 2007 |
| Sales and marketing | \$ 22 | \$ 14 | \$ 15 | \$ 19 |
| Research and development | 7 | 8 | 4 | 11 |
| General and administrative | 72 | 24 | 141 | 50 |
| Total stock-based compensation expense | <u>\$ 101</u> | <u>\$ 46</u> | <u>\$ 160</u> | <u>\$ 80</u> |

Valuation Assumptions Used in Fair-Value Based Calculation Model

The fair-value of the Company's stock-based awards granted to employees, non-employee directors and consultants for the three and six months ending June 30, 2008 and 2007 was estimated using the Black-Scholes option-pricing model using the following weighted average assumptions:

| | Three Months Ended | | Six Months Ended | |
|-----------------------------|--------------------|------------------|------------------|------------------|
| | 2008 | June 30, 2007 | 2008 | June 30, 2007 |
| Expected life (in years) | 5 | 5 | 5 | 5 |
| Risk-free interest rate | 3% | 4% | 4% | 4% |
| Expected volatility | 92% | 78% | 94% | 75% |
| Dividend yield | 0% | 0% | 0% | 0% |
| Fair value per stock option | <u>\$ 0.28</u> | <u>\$ 0.67</u> | <u>\$ 0.31</u> | <u>\$ 0.53</u> |

The expected life of employee stock options is based on the average expected life of all outstanding stock options taking into consideration past employee exercise behavior. The exercise price of the stock option is equal to the market value of the Company's common stock on the grant date. The Company uses the zero coupon interest yield rate comparable to the expected life of the option. Expected volatility is based on historical computations of the Company's volatility. The estimated fair value of the stock-based awards is amortized over the vesting period of the underlying awards on a graduated basis.

6. BALANCE SHEET COMPONENTS

| (In thousands of Dollars) | June 30, 2008 | December 31, 2007 |
|--|------------------|----------------------|
| <u>Accounts payable</u> | | |
| Trade accounts payable | \$ 2,193 | \$ 1,517 |
| Payable on asset acquisition (note 4) | 102 | 95 |
| Sales taxes payable | 197 | 206 |
| Total accounts payable | \$ 2,492 | \$ 1,818 |
| <u>Accrued liabilities</u> | | |
| Accrued liabilities | \$ 756 | \$ 1,223 |
| Accrued data costs | 1,181 | 1,327 |
| Customer deposits | 265 | 274 |
| Total accrued liabilities | \$ 2,202 | \$ 2,824 |
| <u>Property and equipment</u> | | |
| Computer equipment | \$ 1,133 | \$ 1,143 |
| Computer equipment under capital lease | 751 | 686 |
| Computer software | 341 | 336 |
| Website software | 638 | 638 |
| Office furniture and equipment | 245 | 237 |
| Leasehold improvements | 110 | 110 |
| Total cost | 3,218 | 3,150 |
| Less: accumulated amortization | (2,594) | (2,447) |
| Property and equipment, net | \$ 624 | \$ 703 |

In the three and six months ended June 30, 2008 amortization expense related to property and equipment totaled \$95,000 and \$179,000, respectively, including \$42,000 and \$78,000 of amortization for capital assets under lease. In the three and six months ended June 30, 2007 amortization expense was \$115,000 and \$210,000, respectively, including \$47,000 and \$79,000 of amortization for capital assets under lease.

7. SEGMENTED INFORMATION

The Company operates in one reportable segment. The Company defines a reportable segment as a component of the Company for which separate financial information is available and which is evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and in assessing performance.

The following information is presented by the customer's geographic area:

| (In thousands of Dollars) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------------|--------------------------------|----------|------------------------------|----------|
| | 2008 | 2007 | 2008 | 2007 |
| <u>Licensing and Subscription</u> | | | | |
| North America | \$ 1,984 | \$ 1,745 | \$ 3,904 | \$ 3,322 |
| United Kingdom | 303 | 477 | 667 | 828 |
| Other | 280 | 392 | 620 | 639 |
| Total Licensing and subscription | \$ 2,567 | \$ 2,614 | \$ 5,191 | \$ 4,789 |
| <u>Advertising Services</u> | | | | |
| North America | 699 | 1,091 | 1,574 | 2,016 |
| United Kingdom | - | - | - | - |
| Other | - | - | - | - |
| Total Advertising services | \$ 699 | \$ 1,091 | \$ 1,574 | \$ 2,016 |
| Total Revenues | \$ 3,266 | \$ 3,705 | \$ 6,765 | \$ 6,805 |

During the three and six months ended June 30, 2008 and 2007 the Company had no customers whose revenue represented greater than 10% of total revenues. No customer accounted for greater than 10% of outstanding trade receivables at June 30, 2008 (December 31, 2007 – one customer). Substantially all of the Company's property and equipment is located in Canada.

8. COMMITMENTS AND CONTINGENCIES

Commitments

The total contractual cash obligations of \$3.6 million disclosed in the consolidated financial statements of the Company for the year ended December 31, 2007, have increased to \$3.8 million.

Net obligations associated with operating leases have increased by approximately \$476,000 compared to December 31, 2007, mainly as the result of additional leased space in Toronto secured in the period. The Company has capital lease obligations for servers and computer equipment required for its web sites, streaming data and hosting services. The decrease in commitments for these items is \$62,000 compared to December 31, 2007. Data feed commitments have decreased by \$219,000 compared to December 31, 2007.

Litigation

The Company was the plaintiff in a lawsuit filed in Ontario Superior Court of Justice against Hollinger Inc. and Hollinger Canadian Publishing Holdings Co. in which the Company sought to recover approximately \$457,000 from the defendant. The defendant was a vendor to the Company and the amount sought by the Company consisted of unused advertising credits which were prepaid by the Company in 1999. The case was resolved by a negotiated settlement during the first quarter of 2008 and the defendant paid \$340,000 to the Company in full settlement, which was included in Other Income.

The Company was the defendant in a lawsuit filed in the Supreme Court of British Columbia by the plaintiff, Tanis Churchill. The Plaintiff, a former employee of the Company, sought damages, interest and costs in the order of approximately \$218,000 for alleged wrongful dismissal from her employment with the Company. The matter was heard by the Supreme Court of British Columbia in a trial which began on December 3, 2007 and ended on December 7, 2007. On May 8, 2008, subject to a 30 day appeal period, the Supreme Court found in favor of the plaintiff and awarded damages in the amount of \$11,000, plus costs.

The Company is the plaintiff in a lawsuit filed in the Commercial & Equity Division of the County Court of Victoria in Melbourne, Australia against The Eight Black Partnership Pty and Simon Chen, in which the Company seeks to recover approximately \$435,000 from the defendant. The defendant was a reseller of the Company's MarketStream service in Australia and the amount sought by the Company consists of unpaid MarketStream subscription fees from July 2006 to May 2007, plus interest. The case is currently pending final resolution and there is uncertainty as to what value, if any, will be derived from the lawsuit. No provision has been made for recovery of these credits in the financial statements in any period.

In addition to the above, the Company is involved in various other legal matters which arise from time-to-time in the ordinary course of the Company's business, none of which is believed to be material to its results of operations, liquidity or financial condition at this time. Unless otherwise noted, the Company cannot reasonably estimate at this time whether a monetary settlement will be reached or predict the ultimate resolution of these legal matters.

9. ACCOUNTING FOR AND DISCLOSURE OF GUARANTEES

From time-to-time, the Company enters into certain types of contracts that require it contingently to indemnify parties against third party claims. These contracts primarily relate to: (i) service level agreements with clients, under which the Company may be required to indemnify clients for liabilities related to data transmission and dissemination; and (ii) certain agreements with the Company's officers, directors and employees and third parties, under which the Company may be required to indemnify such persons for liabilities arising out of their duties to the Company.

The Company regularly enters into service level agreements with clients, under which the Company guarantees consistent streaming of data within certain pre-defined tolerances. The terms of these obligations vary and generally are not limited in amount, so it is not possible to express the amount at risk in dollars. Historically, the Company has not been obligated to make significant payments on account of these obligations, and accordingly, no liabilities were recorded for these obligations of this nature on its balance sheets as of June 30, 2008 and December 31, 2007. The Company carries coverage under certain insurance policies to protect itself in the case of an unexpected liability; however, this coverage may not be sufficient.

10. SUBSEQUENT EVENT

The Canadian subsidiary of Stockhouse owned 50% of Stockscores Analytics Corp. ("Stockscores"), a British Columbia corporation with limited activity and no material impact on the Company. On July 24, 2008, the Company disposed of its 50% share in Stockscores to the other shareholder for \$75,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read together with our Consolidated Financial Statements and the Notes to those statements included elsewhere in this quarterly report on Form 10-Q and the Consolidated Financial Statements and the Notes to those statements included in our Form 10-KSB for the year ended December 31, 2007. Certain statements contained herein constitute "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. In some cases forward-looking statements can be identified by terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "intends," or similar terms. These statements appear in a number of places in this Form 10-Q and include statements regarding the intent, belief or current expectations of our company, its directors or its officers with respect to, among other things: (i) trends affecting our financial condition or results of operations, (ii) our business and growth strategies, (iii) the Internet and Internet commerce and (iv) our financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur.

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. In this discussion, unless otherwise specified, all references to "common shares" refer to the common shares in our capital stock and the terms "we", "us" and "our" mean STOCKHOUSE INC., a Colorado corporation. Effective July 10, 2008, we changed our name from Stockgroup Information Systems Inc. to Stockhouse Inc. ("Stockhouse" or the "Company"). As a result, effective July 21, 2008, Stockhouse traded on the Over-the-Counter Bulletin Board quotation service operated by the Nasdaq Stock Market, Inc. under its new trading symbol "STKH.OB" (previously since March 17, 1999 under the symbol "SWEB") and on the TSX Venture Exchange under its new trading symbol "SHC.V" (previously since December 17, 2002 under the symbol "SWB").

Foreign Currency and Exchange Rates

All amounts in this quarterly report are stated in United States ("U.S.") Dollars unless otherwise indicated. The operations of our Canadian subsidiary have been converted to U.S. dollars for financial statement reporting purposes at an average rate of C\$1.01 per U.S.\$1.00 for the three and six months ended June 30, 2008. The rate at June 30, 2008 was C\$1.01. The average rate was C\$1.17 per U.S.\$1.00 for the three months ended June 30, 2007 and C\$1.13 per U.S. \$1.00 for the six months ended June 30, 2007.

We also operate in the United Kingdom, Spain and the Benelux countries and are subject to exchange rate fluctuations in those jurisdictions.

Overview

Our Business

Our services can be separated into two categories: (i) Licensing and Subscriptions; and (ii) Advertising Services. The basic commonalities between the two categories are that all of our services relate to the financial markets and all are currently delivered over the Internet or mobile devices.

Much of our sales are driven by popular interest in the stock markets. Advertising services are in greater demand when there is greater overall demand for online advertising across all industries. Our licensing and subscription services are driven by our clients' customers' demand for market information. Our audience levels on our Stockhouse websites are closely correlated with the popularity of the stock market. We believe that greater audience levels on our Stockhouse websites will translate into larger revenues over the long term.

The Internet is the delivery vehicle for all of our products. The Internet has not yet reached maturity and continues to reach new levels of sophistication. Increasing numbers of people are using the Internet as a source of stock market information. As a result, financial content is becoming an expected standard offering for media and financial services companies. Financial software and content systems clients, including large news websites, brokerages, banks, and other media are encountering competitive pressures to improve their financial content offerings. This market expansion has driven demand for our services and has resulted in continued sales growth.

We also receive financial information from suppliers over the Internet and deliver it to mobile devices. Adoption of mobile and smart phones continue to grow at a significant pace as investors and investment professionals use mobile devices to stay connected to the market when they are away from their desktops. We believe that this market expansion continues to drive demand for the services provided by this mobile finance business.

On January 31, 2007 we closed a transaction for the purchase of a division of TeleCommunication Systems, Inc., known as the Mobile Finance Division, or MFD. The acquired business specializes in the sale of a wireless service delivering financial market data, news, and limited analytics like charting and portfolio functionality. We believe that the wireless platform we have obtained with this acquisition is of strategic value that can grow within our existing operations. Having a wireless platform for content delivery, including our StockStream product, is an important part of our strategy for the growth of our enterprise and increase in our number of retail customers. We believe that adding this wireless capability should also provide us with additional scalability in distributing our content.

On May 8, 2007, we entered into a purchase agreement with Semotus Solutions Inc. ("Semotus") whereby we acquired the financial information services assets of Semotus, a California based provider of mobile enterprise software solutions. We believe the acquired software and customer base further enhances our ability to offer our customers a range of scalable wireless financial market data services.

The results of the MFD business acquisition and the Semotus asset acquisition from February 1, 2007 and May 8, 2007, respectively, are included in the consolidated financial statements.

Recent Corporate Developments

Since the completion of our fiscal year ended December 31, 2007 we have experienced the following significant corporate developments:

On April 3, 2008, we launched our redesigned website, www.Stockhouse.com. The new website uses enhanced social networking and collaboration tools and technology to help users of the website share information, opinions and insights. One of the key features of the new website is a proprietary user reputation and content ranking system which helps users of the website filter content posted on the website by other users and to determine who the highest quality members of the community are. The investor reputation and content ranking systems consists of human, wisdom of crowd, performance, participation and algorithmic filters to determine the highest quality contributors and content.

On May 13, 2008, we closed a private placement with PEAK6 Capital Management LLC (“PEAK6”), pursuant to a stock purchase agreement we entered into on April 30, 2008. In this equity financing, we agreed to issue 3,000 shares of Series A convertible preferred stock at a price of \$1,000 per share for gross proceeds of \$3,000,000. Holders of preferred shares are entitled to receive dividends when, as, and if declared by the Company at a rate of 7%. Each preferred share is convertible to 2,200 common shares of the Company. The preferred shares are non-voting until conversion, are convertible 180 days after issuance, and automatically convert into common shares at the end of twenty four months from date of issuance at a price of \$0.4545 per common share. We may redeem the preferred shares at any time after 90 days by paying 110% of their value. See Part II, “Item 2. Unregistered Sales of Equity Securities” for further information. Separate from the stock purchase agreement, we also entered into a strategic agreement whereby we provide market data, research and news to PEAK6’s new online options information portal, The Options News Network.

On July 8, 2008, we launched Stockstream Mobile™ and Stockstream Mobile Pro. These products provide the individual investor and professional trader with streaming real-time market data and news covering 40 global exchanges and all financial instruments from Reuters. These products can be white-labeled for client loyalty products or resale through channel partners. The new media of the future, mobile devices are poised to transform how both the professional and retail market access financial information. Our global wireless market data solution addresses the growing demand for wireless access to financial information and analytics using state-of-the-art mobile technology. We are currently migrating our existing MarketStream™ customers to Stockstream Mobile and are pre-selling this product to our institutional investors.

Effective July 10, 2008, we changed our name from Stockgroup Information Systems Inc. to Stockhouse Inc.

Employment Agreements

Effective January 7, 2008, we entered into an employment agreement with Karl Buhr to serve as the Company’s Chief Operating Officer. Pursuant to the terms of his employment agreement, Mr. Buhr is to receive an annual base salary of \$190,000, subject to normal salary increases. In addition, he is entitled to an annual \$70,000 maximum incentive compensation bonus. Mr. Buhr is entitled to six months of salary and the prorated portion of bonuses earned which will include pay in lieu of notice, should we elect to terminate his employment without cause. Should Mr. Buhr’s job responsibilities be significantly altered, then Mr. Buhr may terminate the employment agreement for good reason and be entitled to six months of salary and the prorated portion of any bonuses earned. On January 7, 2008, Mr. Buhr was granted 500,000 stock options for the Company’s common shares, with one third vesting at the end of each full year for three years on the anniversary of the grant date. On April 28, 2008, we entered into a performance stock option agreement with Mr. Buhr under which we granted 250,000 options to purchase shares of the Company. The options are earned in defined amounts and, subject to the aforementioned vesting provisions, can be exercised only if we achieve certain pre-defined business targets before December 31, 2010.

Effective January 8, 2008, we entered into an employment agreement with Dana Stetson to serve as the Company's Vice President of Licensing and Subscription Sales. Mr. Stetson is to receive an annual base salary of \$160,000 subject to normal salary increases, and is entitled to receive variable pay of up to 50% of his annual salary. On April 28, 2008, Mr. Stetson was granted stock options for 135,000 of the Company's common shares, vesting at one third per year over a three year period on the anniversary of the grant date. Commencing April 8, 2008, Mr. Stetson is entitled to one month of pay for each year of employment up to a maximum of four months, if the Company elects to terminate Mr. Stetson's employment with the Company without cause.

Effective February 1, 2008, we entered into an employment agreement with Audrey Brownmiller, formerly a Director of Operations for the Company, to serve as the Company's Vice President of Operations. Ms. Brownmiller is to receive an annual base salary of \$125,000, subject to normal salary increases, and is entitled to an annual \$20,000 maximum incentive compensation bonus. On January 15, 2008, Ms. Brownmiller was granted 60,000 common shares of our stock, with one third of these options vesting at the end of each year for three years on the anniversary of the grant date. Ms. Brownmiller has previously been granted 75,000 stock options (with 6.25% of the original number of options vesting on the third month anniversary of her start date and an additional 6.25% vesting on each three-month anniversary thereafter until all the options are vested). For the Company's termination of Ms. Brownmiller's employment with the Company without cause, the Employment Standards Act of British Columbia would govern.

Appointment of New Director

Effective April 17, 2008, we appointed Janet Scardino as a director of the Company. Ms. Scardino is currently President and Chief Marketing Officer of The Knot, Inc., a NASDAQ listed company. She was the Executive Vice President of Reuters Group PLC from March 2005 through August 2007 and the Executive Vice President and Managing Director of the Media division of Reuters from January 2006 through August 2007. Ms. Scardino also served as Executive Vice President and Global Head of Marketing of Reuters Media from March 2005 through January 2006. Between February 2003 and March 2005, Ms. Scardino was a digital media entrepreneur. From March 2001 to February 2003, Ms. Scardino was Senior Vice President, International Marketing for the America Online division of AOL Time Warner Inc. Between 1998 and 2001 Ms. Scardino was Managing Director for the Disney Channel Italy, a wholly owned subsidiary of The Walt Disney Company. Prior to that, Ms. Scardino served in various positions for MTV Networks from 1987 to 1997, most recently as Vice President, International Marketing for MTV: Music Television. Ms. Scardino received a B.S. in Communications from Emerson College in 1981.

We agreed to pay Ms. Scardino \$15,000 per annum in consideration for her services as a director for the Company and she will be paid an additional \$2,000-\$3,000 per annum if she serves as chairperson of any committee of the board of directors. On April 17, 2008, Ms. Scardino was granted 75,000 non-qualified stock options to purchase shares of our common stock at an exercise price of \$0.36 per share expiring on April 17, 2013. The stock options vest equally at the end of each year for three years on the anniversary of the grant date.

Results of Operations

The following table shows each line item on our unaudited consolidated statements of operations as a percentage of total revenues (rounded to the nearest percentage):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------|------------------|--------------|
| | June 30, 2008 | 2007 | June 30, 2008 | 2007 |
| REVENUES | | | | |
| Licensing and subscriptions | 79% | 71% | 77% | 70% |
| Advertising services | 21% | 29% | 23% | 30% |
| | 100% | 100% | 100% | 100% |
| OPERATING COSTS AND EXPENSES | | | | |
| Cost of revenues (exclusive of amortization) | 44% | 43% | 43% | 42% |
| Sales and marketing | 39% | 34% | 39% | 35% |
| Research and development | 11% | 10% | 11% | 10% |
| General and administrative | 60% | 39% | 57% | 36% |
| Amortization of intangible assets | 4% | 8% | 4% | 4% |
| Impairment of goodwill | 3% | - | 2% | - |
| Impairment of intangible assets | 23% | - | 11% | - |
| TOTAL OPERATING COSTS AND EXPENSES | 184% | 134% | 167% | 127% |
| Loss from operations | (84%) | (34%) | (67%) | (27%) |
| Interest and other income, net | - | 1% | 5% | 1% |
| Net loss before income taxes | (84%) | (33%) | (62%) | (26%) |
| Provision for income taxes | - | - | - | - |
| Net loss and comprehensive loss | (84%) | (33%) | (62%) | (26%) |

Revenues

| (In thousands of Dollars) | Three Months Ended | | Six Months Ended | |
|-----------------------------|--------------------|-----------------|------------------|-----------------|
| | June 30, 2008 | 2007 | June 30, 2008 | 2007 |
| Licensing and Subscriptions | \$ 2,567 | \$ 2,614 | \$ 5,191 | \$ 4,789 |
| Advertising | 699 | 1,091 | 1,574 | 2,016 |
| Total revenues | \$ 3,266 | \$ 3,705 | \$ 6,765 | \$ 6,805 |

The majority of our revenues are derived from customers located in North America. On February 1, 2007, we commenced business operations in the United Kingdom, Spain and Benelux and our European revenues approximated 16% to 20% of total revenues for the presented periods above.

Licensing and Subscriptions

Licensing and Subscriptions revenues decreased by 2% to \$2,567,000 for the three months ended June 30, 2008 from \$2,614,000 for the three months ended June 30, 2007. Revenues increased by 8% to \$5,191,000 for the six months ended June 30, 2008 from \$4,789,000 for the six months ended June 30, 2007.

The decrease in the three months ended June 30, 2008, was mainly attributable to a 42% decline in our pager subscription services for our MFD product. Our pager subscription services represent approximately 58% of the revenues of MFD for the three months ended June 30, 2008. Revenues from sales our MFD MarketStream™ products continue to increase over prior periods. The decrease in pager revenues is offset by a 43% increase in sales of our StockStream and related products to our institutional customers, and revenues received from the Semotus assets which were not acquired until May 8, 2007.

The increase in the six months ended was primarily driven by 29% in increased sales to our institutional customers and an increase of 70% in revenues related to the delivery of financial information under our MFD MarketStream product. Revenues generated from the Semotus assets also contributed to the increase in licensing and subscription revenues in the six months ended June 30, 2008. The increase was offset by a 30% decline in pager subscription services which have continued to decline as customers change to other types of wireless devices.

Advertising Services

Advertising services revenues include advertising on our Stockhouse websites and related properties. The Stockhouse brand name and the functionality of the Stockhouse website; including our Stockhouse Blogs, provide us with access to the investment community. The Stockhouse website allows us to provide a range of advertising services for our clients where they gain exposure to an affluent group of consumers. While we believe that the market for online advertising in general will continue to grow and that there will be greater demand among companies for advertising targeted to the investment community, the current economic conditions and decline in the stock market have caused some customers to delay purchases of advertising services.

Advertising services revenues decreased by 36% to \$699,000 for the three months ended June 30, 2008 from \$1,091,000 for the three months ended June 30, 2007 and decreased by 22% to \$1,574,000 for the six months ended June 30, 2008 from \$2,016,000 for the six months ended June 30, 2007. During the first quarter of 2008 we maintained the beta version of Stockhouse.com as a separate site. The maintenance of an additional site and the closing of the older version of Stockhouse.com contributed to difficulties in inventory management, advertising delivery and advertising sales. This transition, the loss of advertising sales personnel in the first quarter of 2008 and the decline in the stock market all contributed to decreased revenues in both the three and six months ended June 30, 2008. During the three months ended June 30, 2008, we hired a new VP of Advertising Sales, increased sales personnel, installed DART for publishers for advertising delivery, and added site analytics.

Revenues are also dependent on activity levels in the stock market and can fluctuate from period to period depending on the mix of customers purchasing advertising and the amount of advertising purchased by customers. This revenue category was not impacted by our acquisition of MFD and Semotus.

Operating Costs and Expenses

| (In thousands of Dollars) | Three Months Ended | | Six Months Ended | |
|---|--------------------|--------------|------------------|------------------|
| | June 30, 2008 | 2007 | 2008 | June 30, 2007 |
| Cost of revenues (exclusive of amortization) | \$ 1,441 | 1,590 | \$ 2,911 | \$ 2,860 |
| Sales and marketing | 1,275 | 1,260 | 2,656 | 2,353 |
| Research and development | 370 | 386 | 752 | 671 |
| General and administrative | 1,964 | 1,435 | 3,878 | 2,450 |
| Amortization of intangible assets | 144 | 271 | 288 | 271 |
| Impairment of goodwill | 99 | - | 99 | - |
| Impairment of intangible assets | 736 | - | 736 | - |
| Total operating costs and expenses | <u>\$ 6,029</u> | <u>4,942</u> | <u>\$ 11,320</u> | <u>\$ 8,605</u> |

Total operating costs and expenses increased by 22% for the three months ended June 30, 2008 as compared to the three months ended June 30, 2007 and increased to 184% of total revenues for the three months ended June 30, 2008 from 134% for the comparable prior year period. Total operating costs and expenses increased by 32% for the six months ended June 30, 2008 as compared to the six months ended June 30, 2007 and increased to 167% of total revenues for the six months ended June 30, 2008 from 127% for the comparable prior year period.

The majority of the absolute dollar increases are attributable to operational costs associated with the acquisition and integration of our mobile finance operations and the need to provide the infrastructure base required to manage and grow the business. Commencing at the end of the three months ended June 30, 2008, we have undertaken several cost cutting measures in order to reduce total operating costs and expenses in absolute dollars and as a percentage of revenues. We believe we will see the positive impact of these cost cutting measures as soon as the end of this fiscal year. At June 30, 2008, management assessed that goodwill and acquired intangible assets were impaired and as such recorded an impairment loss totaling \$835,000 as further described below.

Cost of revenues

Our cost of revenues includes costs associated with bandwidth, data feeds and exchange fees, and other direct product costs. Total cost of revenues decreased by 9% to \$1,441,000 for the three months ended June 30, 2008 from \$1,590,000 for the three months ended June 30, 2007. Our cost of revenues increased by 2% to \$2,911,000 for the six months ended June 30, 2008 from \$2,860,000 for the six months ended June 30, 2007.

During 2006, we entered into an agreement with a data provider for delivery of market data used for our services. The transition to this primary provider was ongoing during the three and six months ended June 30, 2007 and thus we paid certain duplicate costs associated with our previous provider during that period which did not recur in 2008.

For the three and six months ended June 30, 2008 compared to the prior comparable periods, bandwidth costs have increased. The majority of bandwidth costs are correlated with traffic levels on our Stockhouse website and the number of customers to which we license our platform. We anticipate that bandwidth costs will continue to increase support growing demand. In addition, during the six months ended June 30, 2008, we incurred additional airtime costs to support our existing pager customers.

The number of clients to which we provide data has increased during the six months ended June 30, 2008 from the comparative period resulting in additional costs. While we expect that data feed costs in absolute dollars may increase, we expect that cost of revenues will decrease as a percentage of total revenues, going forward, due to consolidation and efficiencies in data costs and as our revenues increase. We are subject to exchange fees, which include user fees, which are subject to change. Our costs may increase without a proportionate increase in revenues until we can complete new agreements with our customers to recover these costs.

Sales and Marketing

Sales and marketing expenses increased by 1% to \$1,275,000 for the three months ended June 30, 2008 from \$1,260,000 for the three months ended June 30, 2007. Sales and marketing expenses increased by 13% to \$2,656,000 for the six months ended June 30, 2008 from \$2,353,000 for the six months ended June 30, 2007.

We have continued to experience changes in our sales force; however, we believe we have strengthened our sales team in the six months ended June 30, 2008, including the hire of our Vice President of Advertising Sales in May 2008. Generally changes in the mix of the sales force require a ramp-up time before revenues are realized and this is reflected in the fact that sales and marketing as a percentage of total revenues have increased for both the three and six months ended June 30, 2008 compared to the comparable prior periods. We believe that the increased productivity of our sales force will result in revenues growing at a faster rate than sales and marketing expense in the future.

We have continued to invest in our team who provide editorial content for our website. We believe that the nature of this content, which is focused on content rich articles that most strongly impact the majority of our customers, will attract traffic to our Stockhouse.com website which in turn results in increased revenues. We have also continued to invest in marketing the Stockhouse brand and in the three months ended June 30, 2008, incurred additional marketing costs associated with the launch of the www.Stockhouse.com website.

Research and development

Research and development expenses decreased by 4% to \$370,000 for the three months ended June 30, 2008 from \$386,000 for the three months ended June 30, 2007. Research and development expenses increased by 12% to \$752,000 for the six months ended June 30, 2008 from \$671,000 for the three months ended June 30, 2007.

Late in the first quarter of 2007, we added 12 employees to the research and development and quality assurance teams in preparation of the launch of the new Stockhouse website. The majority of these salary costs continued through the first quarter of 2008 for development work required for the full release of the website and resulted in increased costs of the six months ended June 30, 2008. Costs declined in the three months ended June 30, 2008 compared to the prior quarter associated with fewer headcount required as the project was completed. We expect there will be a decrease in research and development costs in the balance of 2008 attributable to the completion of the website.

Our research and development team continues to work on the development of our existing and future products and also on internal use software solutions to support our business. We have recently adopted the agile development methodology which will re-define how we envision, plan, develop and test our products.

General and Administrative

General and administrative expenses increased by 37% to \$1,964,000 for the three months ended June 30, 2008 from \$1,435,000 for the three months ended June 30, 2007 and increased by 58% to \$3,878,000 for the six months ended June 30, 2008 from \$2,450,000 for the six months ended June 30, 2007. These expenses as a percentage of total revenues increased to 60% for the three months ended June 30, 2008 from 39% for the three months ended June 30, 2007. As a percentage of total revenues, these expenses increased to 57% for the six months ended June 30, 2008 from 36% for the six months ended June 30, 2007.

During the three and six months ended June 30, 2008, general and administrative expenses increased in part as the result of additional human resource costs, such as: the costs associated with payroll (which increased mainly as costs increased in U.S. dollars due to the strengthening of the Canadian dollar versus the U.S. dollar); severance costs for our MFD employees; increased consultant costs, including costs associated with transferring our United Kingdom accounting function to Vancouver; and stock-based compensation charges. Professional fees increased substantially in the six months ended June 30, 2008 as the result of what we believe to be one-time expenditures related to additional work required in the completion of our year-end audit for the consolidated entity. During the three months ended June 30, 2008 we recorded a \$313,000 bad debt charge on certain outstanding receivable balances. We do not anticipate that similar bad debt charges of this magnitude will occur in the future.

During the three and six months ended June 30, 2007, general and administration expenses were positively impacted by fluctuations in exchange rates from holding a significant portion of the private placement financing in Canadian dollars. These gains of \$176,000 and \$143,000 during the three and six months ended June 30, 2007, were significantly higher than foreign exchange gains of \$79,000 and \$75,000 in the three and six months ended June 30, 2008.

Amortization of intangible assets

Amortization of intangible assets was \$144,000 for the three months ended June 30, 2008 and \$271,000 for the three months ended June 30, 2007. Amortization of intangible assets was \$288,000 for the six months ended June 30, 2008 and \$271,000 for the six months ended June 30, 2007. Amortization is charged on definite-lived intangible assets, including intellectual property and customer relationships related to our MFD purchase and Semotus asset acquisition. Amortization for the three months ended June 30, 2007, included cumulative amortization on MFD intangible assets since February 1, 2007 as intangibles were not allocated during the first quarter of 2007. We anticipate that amortization expense will decrease in future periods as the result of the impairment charge recorded at June 30, 2008, which reduced the carrying value of these assets.

Impairment of goodwill and acquired intangible assets

We test the carrying amount of identifiable intangible assets and goodwill annually as of December 31, or whenever events or circumstances indicate that impairment may have occurred. Due to the combination of continuing declining revenues from the acquired MFD business and the integration of former MFD European employee positions into the North American business, management concluded that there were sufficient indicators of impairment to test the carrying value of intangible assets and goodwill as at June 30, 2008. In addition, as revenues continued to decline from the acquired Semotus products, management concluded that there were sufficient indicators of impairment to test the carrying value of those acquired intangible assets as at June 30, 2008.

Impairment testing for goodwill is performed in accordance with FAS No. 142, “*Goodwill and Other Intangible Assets*” (“FAS 142”). FAS 142, requires the Company to complete a two-step process that begins with an estimation of the fair value of the reporting unit. The first step of the impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss, if any. The impairment test indicated that the implied fair value of the Company’s goodwill was not in excess of its carrying value at June 30, 2008, and as a result we recorded an impairment loss of \$99,000 as a non-cash charge to operating expenses.

We evaluate long-lived tangible assets and definite-lived intangible assets for potential impairments in accordance with FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). Under FAS 144, an impairment loss is recognized only if the carrying amount of a definite-lived intangible asset is not recoverable and exceeds its fair value. Recoverability of these assets is determined based upon the expected undiscounted future net cash flows from the operations to which the assets relate, utilizing management's best estimates, appropriate assumptions and projections at the time. When analyzing intellectual property for impairment we use a relief from royalty method which calculates the cost savings associated with owning rather than licensing the intellectual property, applying an assumed royalty rate within our discounted cash flow calculation. If the carrying value is determined not to be recoverable from future operating cash flows, the asset is deemed impaired and an impairment loss is recognized to the extent the carrying value exceeds the estimated fair market value of the asset.

As a result of these evaluations, we recorded an impairment loss totaling \$736,000 to reduce the carrying value of the definite-lived intangible assets to their estimated fair market values. The estimated fair values of the MFD intangible assets were \$347,000 for intellectual property and \$106,000 for customer relationships. The estimated fair market values of the Semotus intangible assets were \$53,000 for intellectual property and \$0 for customer relationships.

Interest and other income (expense)

| (In thousands of Dollars) | Three Months Ended | | Six Months Ended | |
|---------------------------------|--------------------|-------|------------------|-------|
| | June 30, | | June 30, | |
| | 2008 | 2007 | 2008 | 2007 |
| Interest income | \$ 21 | \$ 44 | \$ 43 | \$ 56 |
| Interest expense | (10) | (18) | (23) | (23) |
| Other income | - | - | 337 | - |
| Total interest and other income | \$ 11 | \$ 26 | \$ 357 | \$ 33 |

We earn interest income on our cash and cash equivalents, which are held in major banks in either interest bearing accounts or term deposits. The majority of interest expense represents interest charged on capital lease obligations. Other income in the six months ended June 30, 2008 included a \$340,000 favorable settlement of the Hollinger litigation referenced in Note 8 of the Notes to the Unaudited Interim Consolidated Financial Statements.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$3,494,000 at June 30, 2008 an increase of \$673,000 from December 31, 2007.

| (In thousands of Dollars) | Six Months Ended | |
|---|------------------|----------|
| | June 30, | |
| | 2008 | 2007 |
| Cash used in operating activities | \$ (2,284) | \$ (294) |
| Cash used in investing activities | (52) | (475) |
| Cash provided by financing activities | 3,009 | 4,209 |
| Net increase in cash and cash equivalents | \$ 673 | \$ 3,440 |

During the three months ended June 30, 2008 we received net proceeds of \$2,969,000 in an equity financing transaction which was used to fund operations. During the six months ended June 30, 2007 we raised net proceeds of \$4,146,000 from a private placement of 3,333,334 common shares and we completed the acquisition of MFD and the Semotus assets. While we issued 1,500,000 restricted common shares for the MFD purchase, versus cash, we assumed a significant level of liabilities which were paid down at a faster rate than the monies collected on the accounts receivable balances assumed in the acquisition.

Operating Activities. During the six months ended June 30, 2008 we used more cash than we generated from operations. This was primarily due to the use of cash to fund the expenses arising from the integration of our international operations and the build up of the infrastructure base required to manage and grow our expanded operations. Our total revenues have decreased versus the comparable prior year periods and receivables collections have also been slower requiring increased funds for operations.

Investing Activities. Cash used of \$52,000 for the six months ended June 30, 2008 represents additions to property and equipment and payments to Semotus, as per the agreed acquisition terms.

Financing Activities. Net cash provided by financing activities was \$3,009,000 for the six months ended June 30, 2008. We received net proceeds of \$2,969,000 in cash from PEAK6 on the issuance on 3,000 Series A convertible preferred shares as further described in the *Recent Corporate Developments* section of this analysis. In addition, we received cash on the exercise of stock options of \$167,000. These inflows were partially offset by repayment of capital lease obligations of \$127,000.

Future Liquidity Requirements

Changes in the demand for our products and services, and those of our acquired business will continue to impact our operating cash flow. With the completion of the equity financing in May 2008, we believe our cash and cash equivalents will be sufficient to meet our consolidated requirements for the next 12 months, including but not limited to working capital, capital expenditures, contractual cash commitments, and the costs associated with the integration of MFD into our business. If our cash and cash equivalents become inadequate for our long term needs we will likely choose to raise additional financing through the issuance of equity or debt securities. We can give no assurance that we will be successful in raising a sufficient amount of additional capital or in internally generating a sufficient amount of capital to meet our long-term requirements, or even if we can raise additional capital, that we can do so on terms that are commercially reasonable. We do not expect to declare or pay any cash dividends in the foreseeable future.

On May 8, 2007, we acquired certain intangible assets from Semotus. In consideration for these assets, we paid \$150,000 of the purchase price on May 9, 2007. The remainder is payable at a rate of 30% of monthly gross revenues earned from customer contracts purchased from Semotus until the remaining \$200,000 of the purchase price is fully paid or within two years whichever occurs first. Should monthly gross revenues fall below \$15,000 per month at any time the purchase price will be deemed paid in full. As of June 30, 2008, the total outstanding consideration payable was \$102,000. We anticipate that there may be some portion of the outstanding payable that may not represent an obligation based on the current revenue levels earned from customer contracts purchased from Semotus.

Contractual Obligations

Our contractual obligations at December 31, 2007 of \$3,591,000 have not changed materially to June 30, 2008. We have secured additional space in Toronto and anticipate total additional costs of approximately \$641,000 over five years commencing in November 2008. We also entered into several capital leases for servers and computer equipment in the six months ended June 30, 2008, which will result in approximately \$63,000 of additional commitment over two years.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2008 or December 31, 2007 as that term is defined in Item 303(a) (4) of Regulation S-K.

Critical Accounting Policies

Our audited consolidated financial statements and notes thereto included in our 2007 Annual Report on Form 10-KSB and our unaudited interim consolidated financial statements and notes thereto included in our Quarterly Reports are prepared in accordance with U.S. GAAP. These accounting principles require us to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates, judgments and assumptions are based upon information available to us at the time that they are made. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our consolidated financial statements will be affected. We believe the following critical accounting policies reflect our most significant estimates, judgments and assumptions used in the preparation of our consolidated financial statements.

- Revenue Recognition
- Allowance for Doubtful Accounts
- Contingencies and Litigation
- Cost of Revenue accruals
- Stock-based Compensation
- Business Combinations
- Foreign Currency
- Accounting for Income Taxes
- Goodwill and other intangible assets

There have been no significant changes in our critical accounting policies during the six months ended June 30, 2008 compared to those previously disclosed in Item 6. *Management's Discussion and Analysis or Plan of Operation* included in our Annual Report on Form 10-KSB for the year ended December 31, 2007 except for the adoption of the policy on Fair Value Measurements and the policy on Fair Value Option for Financial Assets and Financial Liabilities as described in Note 2 – Summary of Significant Accounting Policies – of the Notes to the Unaudited Interim Consolidated Financial Statements included elsewhere in this Form 10-Q.

Recently issued accounting pronouncements

In December 2007, the FASB issued FAS No. 141 (revised 2007) “*Business Combinations*” (“FAS 141(R)”). FAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. FAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the potential impact, if any, of the adoption of FAS 141(R) on our consolidated financial statements.

In May 2008, the FASB issued FAS No. 162 “*The Hierarchy of Generally Accepted Accounting Principles*” (“FAS 162”). FAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. FAS 162 is effective sixty days following the SEC’s approval of PCAOB amendments to AU Section 411, “*The Meaning of ‘Present fairly in conformity with generally accepted accounting principles’*”. We are currently evaluating the potential impact, if any, of the adoption of FAS 162 on our consolidated financial statements.

Risk Factors Affecting Our Business

We operate in a rapidly changing environment that involves numerous uncertainties and risks. The following section describes some, but not all, of these risks and uncertainties that may adversely affect our business, financial condition or results of operations. This section should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes thereto including the cautionary statement on "forward looking statements" of this quarterly report and other parts of Management's Discussion and Analysis included in this Report on Form 10-Q. Additional factors and uncertainties not currently known to us or that we currently consider immaterial could also harm our business, operating results and financial condition.

Risks Related to Our Business

We have a history of operating losses and we cannot predict if or when we will be profitable.

We have a history of operating losses in the past years. We currently cannot estimate if we will be profitable in fiscal 2008 or future fiscal periods. Our acquisition of the Mobile Finance Division of TeleCommunication Systems, Inc. has increased losses in the short and medium term as integration costs and possible loss of revenue may occur. In addition, we have limited operating history upon which an evaluation of our current business and prospects can be based.

Computer equipment problems and failures could adversely affect business.

Problems or failures in Internet-related equipment, including file servers, computers and software, could result in interruptions or slower response times for our web-based services, which could reduce the attractiveness of our website and financial tools to our customers and users. In addition, our customers rely on us for time-sensitive, up-to-date data that is reliably delivered. Our business is dependent on our ability to rapidly and efficiently process substantial quantities of data on our computer-based networks and systems. Should interruptions continue for an extended period we could lose significant business and our reputation could be damaged. Equipment problems and failures could result from a number of causes, including an increase in the number of users of our website, computer viruses, outside programmers penetrating and disrupting software systems, human error, fires, floods, power and telecommunications failures and internal breakdowns. In addition, any disruption in Internet access and data feeds provided by third parties could have a material and adverse effect on our business. If we experience a major disaster such as a fire, theft, or intentional destruction of our computer equipment, we cannot be certain of the extent of the disruption to our business.

We may have difficulty scaling and adapting our existing architecture to accommodate increased traffic and technology advances or changing business requirements, which could lead to the loss of customers and advertisers, and cause us to incur expenses to make architectural changes.

To be successful, our network infrastructure has to perform well and be reliable. The greater the user traffic and the greater the complexity of our products and services, the more computing power we will need. We have spent and expect to incur costs related to the purchase of computer equipment, the upgrade of our technology and network infrastructure to handle increased traffic on our web sites and our servers, and to roll out new products and services. This expansion is expensive and complex and could result in inefficiencies or operational failures. If we do not expand successfully, or if we experience inefficiencies and operational failures, the quality of our products and services and our users' and customers' experience could decline. This could damage our reputation and lead us to lose current and potential users, customers and advertisers. Cost increases, loss of traffic or failure to accommodate new technologies or changing business requirements could materially harm our operating results and financial condition.

We may not be able to compete successfully against current and future competitors.

We currently compete with several other companies offering similar services. Many of these companies have significantly greater financial resources, name recognition, and technical and marketing resources, and virtually all of them are seeking to improve their technology, products and services. We cannot assure that we will have the financial resources or the technological expertise to meet this competition successfully.

We are dependent on activity levels in the securities market.

Our business is dependent upon the health of the financial markets as well as the financial health of the participants in those markets. Some of the financial data and information market demand is dependent on activity levels in the securities markets while other demand is static and is not dependent on activity levels. In the event that the U.S. or international financial markets suffer a prolonged downturn that results in a significant decline in investor activity, our revenue levels could be materially adversely affected.

We face government regulation and legal uncertainties.

The growth and development of the market for Internet commerce and communications has prompted both federal and state laws and regulations concerning the collection and use of personally identifiable information (including consumer credit and financial information under the Gramm-Leach-Bliley Act), consumer protection, the content of online publications, the taxation of online transactions and the transmission of unsolicited commercial email, popularly known as "spam." More laws and regulations are under consideration by various governments, agencies and industry self-regulatory groups. Although our compliance with applicable federal and state laws, regulations and industry guidelines has not had a material adverse effect on us, new laws and regulations may be introduced and modifications to existing laws may be enacted that require us to make changes to our business practices. Although we believe that our practices are in compliance with applicable laws, regulations and policies, if we were required to defend our practices against investigations of state or federal agencies or if our practices were deemed to be violating applicable laws, regulations or policies, we could be penalized and our activities enjoined. Any of the foregoing could increase the cost of conducting online activities, decrease demand for our services, lessen our ability to effectively market our services, or otherwise materially adversely affect our business, financial condition and results of operations.

Our ability to comply with all applicable securities laws and rules is largely dependent on our establishment and maintenance of appropriate compliance systems (including proper supervisory procedures and books and records requirements), as well as our ability to attract and retain qualified compliance personnel.

Because we operate in an industry subject to extensive regulation, new regulation, changes in existing regulation, or changes in the interpretation or enforcement of existing laws and rules could have a material adverse effect on our business, results of operations and financial condition.

We depend on the ability for wireless devices to access the Internet.

Historically, wireless carriers have been relatively slow to implement complex new services such as Internet-based services. Our future success depends upon a continued increase in the use of wireless devices to access the Internet and upon the continued development of wireless devices as a medium for the delivery of network-based content and services. We have no control over the pace at which wireless carriers implement these new services. The failure of wireless carriers to introduce and support services utilizing our products in a timely and effective manner could reduce sales of our products and services and seriously harm our business. In addition, mobile handsets change very frequently requiring continued product design changes and development which may financially impact our business negatively.

We may be unable to protect the intellectual property rights upon which our business relies.

We have or may pursue certain trademarks, and we have brand names, Internet domain names, website designs, programs and certain subscriber lists which make up the intellectual property we view as important to our business. It may be possible for a third party to copy or otherwise obtain or use our intellectual property without authorization or to develop similar technology independently. There can also be no assurance that our business activities will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against us, including claims that by, directly or indirectly, providing hyperlink text links to websites operated by third parties, we have infringed upon the proprietary rights of other third parties. Due to the global nature of the Internet, there can be no assurance that obtaining trademark protection in the United States will prevent infringements on our trademarks by parties in other countries. We have not sought or obtained any patents on our proprietary software and data processing applications.

Litigation may be necessary in the future to enforce our intellectual property rights, to protect trade secrets or patents that we may obtain, or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on our future operating results.

An interruption in the supply of products and services that we obtain from third parties could cause a decline in sales of the services from our company, and products we purchase to avoid shortages may become obsolete before we can use them.

In designing, developing and supporting the data services of our company, we have relied on wireless carriers, wireless handheld device manufacturers, content providers, software providers and companies that manage some of our other services such as our internal IT operations and customer care services. These suppliers may experience difficulty in supplying us products or services sufficient to meet our needs or they may terminate or fail to renew contracts for supplying us these products or services on terms we find acceptable. Any significant interruption in the supply of any of these products or services could cause a decline in sales of our services unless and until we are able to replace the functionality provided by these products and services. We also depend on third parties to deliver and support reliable products, enhance our current products, develop new products on a timely and cost-effective basis and respond to emerging industry standards and other technological changes. In addition, we rely on the ability of our content providers to continue to provide us with uninterrupted access to the news and financial information we provide to our customers. The failure of third parties to meet these criteria, or their refusal or failure to deliver the information for whatever reason could materially harm our business and would also affect our ability to sell our products.

Our industry is a rapidly evolving market therefore our product and service offerings could become obsolete unless we respond effectively and on a timely basis to rapid technological changes.

The successful execution of our business strategy is contingent upon wireless network operators launching and maintaining mobile location services, our ability to create new software and adapt our existing software products and website to rapidly changing technologies, industry standards and customer needs. As a result of the complexities inherent in our product offerings, new technologies may require long development and testing periods. Additionally, new products may not achieve market acceptance or our competitors could develop alternative technologies that gain broader market acceptance than our products. If we are unable to develop and introduce technologically advanced products that respond to evolving industry standards and customer needs, or if we are unable to complete the development and introduction of these products on a timely and cost effective basis, we will have incurred substantial resources without realizing the anticipated revenues, which would have an adverse effect on our results of operations and financial condition.

The applicability to the Internet of existing laws governing issues such as intellectual property ownership and infringement, copyright, trademark, trade secret, taxation, obscenity, libel, employment and personal privacy is uncertain and developing. Any new legislation or regulation, or the application or interpretation of existing laws, may have a material adverse effect on our business, results of operations and financial condition. Additionally, modifications to our business plans or operations to comply with changing regulations or certain actions taken by regulatory authorities may increase our costs of providing our product and service offerings and materially adversely affect our financial condition.

If mobile equipment manufacturers do not overcome capacity, technology and equipment limitations, we may not be able to sell our products and services.

The wireless technology currently in use by most wireless carriers has limited bandwidth, which restricts network capacity to deliver bandwidth-intensive applications like data services to a large number of users. Because of capacity limitations, wireless users may not be able to connect to their network when they wish to, and the connection is likely to be slow, especially when receiving data transmissions. Data services also may be more expensive than users are willing to pay. To overcome these obstacles, wireless equipment manufacturers will need to develop new technology, standards, equipment and devices that are capable of providing higher bandwidth services at lower cost. We cannot be sure that manufacturers will be able to develop technology and equipment that reliably delivers large quantities of data at a reasonable price. If more capacity is not added, a sufficient market for our products and services is not likely to develop or be sustained and sales of our products and services would decline and our business would suffer.

Some mobile operators charge fees for data usage.

Our wireless service is a live streaming service which uses continued bandwidth and wireless usage charges. In the event that some wireless providers do not provide unlimited data at a flat rate, this may limit our market acceptance of our product due to the cost of data service when used on a sustained basis. Some wireless providers who do offer flat rates do not allow the continuous data stream functionality on BlackBerry® devices to be activated which may limit our sales.

We depend on key personnel and expect to hire additional personnel.

We depend on the continued contributions of our executive officers, sales, technical and other critical personnel to execute our business plan. Our future success will also depend in a large part upon our ability to attract and retain highly skilled management, technical engineers, sales and marketing personnel, and finance personnel. Competition for such personnel is intense and there can be no assurance that we will be able to attract and retain such personnel. The loss of the services of any key personnel, the inability to attract or retain qualified personnel in the future, or any delays in hiring required personnel, particularly technical engineers and sales personnel, could have a material adverse affect on our business, results of operations and financial condition.

We are also dependent upon the personnel acquired through our acquisition of Mobile Finance, especially in the short term to transfer business knowledge. In the event that we lose any or all of these employees there may be a significant impact on our business in sales, cost, and customer service.

We may fail to support our anticipated growth in operations which could reduce demand for our services and materially adversely affect our revenue.

Our business strategy is based on the assumption that the number of customers, the amount of information they want to receive and the number of services we offer will all increase. We must continue to develop and expand our systems and operations to accommodate this growth. In addition, information technology has dropped dramatically in price over the past years and is expected to continue to drop, such that more customers will be required to maintain the same levels of revenue. The expansion and adaptation

of our systems operations requires substantial financial, operational and management resources. Due to the limited deployment of our services to date, the ability of our systems and operations to connect and manage a substantially larger number of customers while maintaining superior performance is unknown. Any failure on our part to develop and maintain our wireless data services as we experience rapid growth could significantly reduce demand for our services and materially adversely affect our revenue.

We may be held liable for online information or services provided by third parties or us.

Because materials may be downloaded by the public on Internet services offered by us or the Internet access providers with whom we have relationships, and because third party information may be posted by third parties on our website through discussion forums and otherwise, there is the potential that claims will be made against us for defamation, negligence, copyright or trademark infringement or other theories. Such claims have been brought against providers of online services in the past. To date we have been named in at least one lawsuit in which defamation is alleged to have occurred on our Internet discussion forum called Bull Boards. The imposition of liability based on such claims could materially and adversely affect us.

Even to the extent such claims do not result in liability, we could incur significant costs in investigating and defending against such claims. The imposition on us of potential liability for information or services carried on or disseminated through our website could require implementation of measures to reduce exposure to such liability, which may require the expenditure of substantial resources and limit the attractiveness of services to members and users.

We post news clippings from other news websites on the Stockhouse and SmallCapCenter websites with links to the source site. Most publishers currently encourage this practice, although certain publishers have requested that we cease posting their stories. We have complied with their request in each case. To the extent that a large majority of news publishers prohibit posting of their stories on our websites or begin charging royalty fees for such stories, our website traffic could decrease or our costs could increase, thereby adversely impacting our profitability.

We generally purchase data including trademarked and copy-written data that may or may not be under contract. The advancement in technologies and increased sophistication of systems is resulting in increased scrutiny of data and costs. We attempt to stay current with all vendors however the timing of identifying the vendors and costs of data may cause significant increase in cost of rates.

Our general liability insurance will not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, results of operations and financial condition.

We may pursue strategic acquisitions and investments that could have an adverse effect on our business if they are unsuccessful.

As part of our business strategy, we have acquired companies and may continue to acquire companies, technologies and product lines to complement our internally developed products. In January 2007, we acquired the Mobile Finance Division of TeleCommunication Systems Inc. It is possible that the contemplated benefits of this acquisition or any future acquisitions may not materialize within the time periods or to the extent anticipated. Critical to the success of this strategy in the future and, ultimately our business as a whole, is the orderly, effective integration of acquired businesses, technologies, product lines and employees into our organization. If this integration is unsuccessful, our business will suffer. There is also the risk that our valuation assumptions and models for the acquired product or business may be overly optimistic or inaccurate if customers do not demand the acquired company's products to the extent we expect, the technology does not function as we expect or the technology we acquire is the subject of infringement or trade secret claims by third parties.

Because our product and service offerings are sold internationally, we are subject to risks of conducting business in foreign countries.

In 2007, customers, primarily in North America, Europe and Australia purchased our products and in 2008 customers in North America, Europe and Australia will continue to purchase our products. In addition, a portion of the revenue historically generated by our company has typically been generated outside the United States. We believe our revenue will be increasingly dependent on business in foreign countries, and we will be subject to the social, political and economic risks of conducting business in foreign countries, including:

- inability to adapt our products and services to local business practices, language, customs and mobile user preferences;
- costs of adapting our product and service offerings for foreign markets;
- inability to locate qualified local employees, partners and suppliers;
- reduced protection of intellectual property rights;
- the potential burdens of complying with a variety of U.S. and foreign laws, trade standards and regulatory requirements, including the regulation of wireless communications and the Internet and uncertainty regarding liability for information retrieved and replicated in foreign countries;
- general geopolitical risks, such as political and economic instability and changes in diplomatic and trade relations; and
- unpredictable fluctuations in currency exchange rates.

Any of the foregoing risks could have a material adverse effect on our business by diverting resources toward addressing them or by reducing or eliminating sales in such foreign countries.

Our legacy pager business is deteriorating rapidly.

Through the purchase of MFD, we acquired their legacy business of providing financial information to pager devices. Pagers represent the majority of the revenue of the company at acquisition. Most customers have been with the company for years but are changing to other types of wireless devices. The company has seen a rapid loss of subscribers for its pager service and there can be no assurance that the Company can convert the subscribers to its MarketStream wireless offering. In addition, telecommunication companies are shutting down their pager networks and rendering the service inoperable. If this occurs in countries we operate in, we would be unable to service our pager customers.

Involvement in Certain Legal Proceedings.

We are involved in various legal matters which arise from time-to-time in the ordinary course of business, none of which we believe is material to our results of operations, liquidity or financial condition at this time. We cannot reasonably estimate at this time whether a monetary settlement will be reached or predict the ultimate resolution of these legal matters.

Our Business and Stock Price May Be Adversely Affected If Our Internal Controls Are Not Effective.

Section 404 the Sarbanes-Oxley Act of 2002 requires companies to conduct a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, we are required to document and test our internal control over financial reporting and our management is required to assess and issue a report concerning our internal control over financial reporting. Our independent registered public accounting firm is not required to report on the effectiveness of our internal control over financial reporting.

As described in “Part II — Item 8A. Controls and Procedures” of our Form 10-KSB for the year ended December 31, 2007 our Chief Executive Officer and Chief Financial Officer concluded, as discussed below, that a material weakness existed in our control over financial reporting as of December 31, 2007 and as a result, that our disclosure controls and procedures were not effective.

Management has and continues to evaluate its key financial processes to assess risk of material weaknesses. The Company has identified several significant deficiencies in the operation of internal controls over financial reporting within the MFD entities and assets acquired on January 31, 2007. When considered in the aggregate, management believes that these constitute a material weakness within its internal control framework relating to the Company’s financial reporting process.

Although we believe we are taking appropriate actions to remediate the control deficiencies we have identified and to strengthen our internal control over financial reporting, we cannot assure you that we will not discover other material weaknesses in the future. The existence of one or more material weaknesses could result in errors in our financial statements, and substantial costs and resources may be required to rectify these or other internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our common stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed.

The Wireless Industry is Experiencing Rapid Technological Change, and We May Lose Customers If We Fail to Keep Up With These Changes.

The wireless communications industry is experiencing significant technological change, as evidenced by the ongoing improvements in the capacity and quality of digital technology, the development and commercial acceptance of wireless data services, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. The cost of implementing or competing against future technological innovations may be prohibitive to us, and we may lose customers if we fail to keep up with these changes.

The Loss of Key Personnel and Difficulty Attracting and Retaining Qualified Personnel Could Harm Our Business.

We believe our success depends heavily on the contributions of our employees and on attracting, motivating and retaining our officers and other management and technical personnel. We do not, however, generally provide employment contracts to our employees. If we are unable to attract and retain the qualified employees that we need, our business may be harmed.

Risks Related to Ownership of Our Common Stock

We are significantly influenced by our officers, directors and entities affiliated with them.

In the aggregate, beneficial ownership of our shares by our officers, directors and management represents approximately 18% of issued and outstanding shares of our common stock at August 11, 2008. These shareholders, if acting together, will be able to influence significantly all matters requiring approval by shareholders, including the election of directors and the approval of mergers or other business combinations transactions.

Trading of our stock may be restricted by the SEC's penny stock regulations, which may limit a shareholder's ability to buy and sell our stock.

The Securities and Exchange Commission (the "SEC") has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

Future issuances of shares may adversely impact the value of our stock.

We may attempt to raise additional capital through the sale of common stock in the future. Future issuances of common stock may dilute your position in us.

Our stock price is vulnerable to buying and selling pressures.

As there is a limited market for our common stock, there may be considerable volatility in our stock price due to selling and buying pressures. Future sales of shares by our existing or future shareholders could cause the market price of our common stock to decline. At August 11, 2008, there were 41,295,922 issued and outstanding shares of our common stock; however, a portion of these shares are subject to trading restrictions in the United States.

Our Board of Directors may authorize and issue preferred shares.

Our Board of Directors has the authority to issue preferred shares with rights, preferences and/or privileges senior to or on parity with the rights of the holders of common stock. The potential consequences to our investors include a loss of perceived value of the stock in the market and a loss of future earnings and dividends, if and when dividends are declared. Because some of our officers and directors are located in non-U.S. jurisdictions, you may have no effective recourse against the management for misconduct and may not be able to enforce judgment and civil liabilities against our officers, directors, experts and agents.

Some of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States, any judgments obtained against our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any U.S. state.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or furnished under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports is accumulated and communicated to management, including our Chief Executive Officer as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that these disclosure controls and procedures were not effective.

Changes in Internal Control over Financial Reporting

As disclosed in our Form 10-KSB filed on April 1, 2008, during our 2007 year end closing process our Chief Executive Officer and Chief Financial Officer concluded that the Company’s internal controls over financial reporting were not effective as at December 31, 2007, owing to a material weakness relating to the financial controls over reporting procedures of the United Kingdom (“UK”) and European operations of the Mobile Finance Division acquired from TeleCommunication Systems.

As a result of these findings management has transferred accounting for the UK subsidiary and the consolidation of the European entities to the Vancouver office, and implemented additional levels of supervisory review. Although the Company has implemented these changes, there can be no assurance that these measures can definitively prevent material errors from occurring in the future. Management will continue to review processes and make necessary changes to strengthen the Company’s system of internal controls over financial reporting.

The changes to the Company’s internal controls over financial reporting described above were implemented during the six months ended June 30, 2008. There were no other changes in our internal control over financial reporting during the six months ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitations of Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management does not expect that our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company was the plaintiff in a lawsuit filed in Ontario Superior Court of Justice against Hollinger Inc. and Hollinger Canadian Publishing Holdings Co. in which the Company sought to recover approximately \$457,000 from the defendant. The defendant was a vendor to the Company and the amount sought by the Company consisted of unused advertising credits which were prepaid by the Company in 1999. The case was resolved by a negotiated settlement during the first quarter of 2008 and the defendant has paid \$340,000 to the Company in full settlement.

The Company was the defendant in a lawsuit filed in the Supreme Court of British Columbia by the plaintiff, Tanis Churchill. The Plaintiff, a former employee of the Company, sought damages, interest and costs in the order of approximately \$218,000 for alleged wrongful dismissal from her employment with the Company. The matter was heard by the Supreme Court of British Columbia in a trial which began on December 3, 2007 and ended on December, 2007. On May 8, 2008, subject to a 30 day appeal period, the Supreme Court found in favor of the plaintiff and awarded damages in the amount of \$11,000, plus costs.

The Company is the plaintiff in a lawsuit filed in the Commercial & Equity Division of the County Court of Victoria in Melbourne, Australia against The Eight Black Partnership Pty and Simon Chen, in which the Company seeks to recover approximately \$435,000 from the defendant. The defendant was a reseller of the Company's MarketStream service in Australia and the amount sought by the Company consists of unpaid MarketStream subscription fees from July 2006 to May 2007, plus interest. The case is currently pending final resolution and there is uncertainty as to what value, if any, will be derived from the lawsuit. No provision has been made for recovery of these credits in the financial statements in any period.

In addition to the above, the Company is involved in various other legal matters which arise from time-to-time in the ordinary course of the Company's business, none of which is believed to be material to its results of operations, liquidity or financial condition at this time. Unless otherwise noted, the Company cannot reasonably estimate at this time whether a monetary settlement will be reached or predict the ultimate resolution of these legal matters.

Item 1A. Risk Factors

As of June 30, 2008, the Company's risk factors have not changed materially from the risk factors previously disclosed in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Other than as disclosed below, we did not complete any sales of our equity securities that were not registered under the Securities Act of 1933, since the completion of our fiscal year ended December 31, 2007:

Effective May 13, 2008, we closed the private placement pursuant to the April 30, 2008 stock purchase agreement (the "Purchase Agreement") we entered into with PEAK6 Capital Management LLC (the "Investor") in which the Company agreed to issue 3,000 shares of Series A convertible preferred stock at a price of \$1,000 per share for gross proceeds of \$3,000,000. Pursuant to the terms of the Purchase Agreement, the Company is required to file with the Colorado Secretary of State a certificate of designation, designating 3,000 shares of its preferred stock as Series A convertible preferred stock (the "Preferred Stock") with certain rights and restrictions, including the following:

- (i) In the event of any liquidation, dissolution or winding up of the affairs of the Company, the Preferred Stock is entitled to be paid first out of the assets of the Company for distribution to stockholders an amount up to \$1,000 per share of Preferred Stock (the "Liquidation Amount") subject to certain adjustments as more specifically set out in the Purchase Agreement.
- (ii) Each share of Preferred Stock is convertible into shares of common stock commencing 180 days after the issuance of the Preferred Stock and will automatically convert into common stock after two years from the date of issuance at a conversion price equal to the Liquidation Amount divided by \$0.4545 per share of Preferred Stock.
- (iii) Except as to any matters which adversely affect holders of Preferred Stock, holders of Preferred Stock are not entitled to notice or to vote on any matters submitted to the common stockholders for a vote.
- (iv) Holders of Preferred Stock are entitled to receive such dividends when, as and if declared by the board of the Company from time to time in the board's discretion, at a rate of 7% of the Liquidation Amount per share of Preferred Stock per year.
- (v) At any time after 90 days from the date of the issuance of the Preferred Stock, the Company may redeem any outstanding Preferred Stock, at 110% of the Liquidation Amount plus accrued interest. A holder of Preferred Stock has the right to convert Preferred Stock prior to redemption.

The Investor also agreed, under the terms of the Purchase Agreement, that until October 31, 2009 it will vote all common stock it currently has or may subsequently acquire in a manner directed by the President of the Company. As at May 12, 2008, the Investor held 2,887,105 shares of our common stock. The closing of the Purchase Agreement was subject to the filing of Certificate of Designation for the Preferred Stock with the Secretary of State of Colorado and the issuance of the Preferred Stock to the Investor. The closing of the private placement occurred on May 13, 2008. The sale of the Preferred Stock was completed in accordance with Rule 506 of Regulation D ("Regulation D") of the Securities Act of 1933 (the "Securities Act") on the basis that the Investor represented that they were an "accredited investor" as such term is defined in Rule 501 of Regulation D. All securities issued were endorsed with a restrictive legend confirming that the securities cannot be resold without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

An annual meeting of our shareholders was held on June 17, 2008 at 10:00 a.m. Pacific Time. During the meeting shareholder votes were cast with the following results:

| | Votes For | Votes Withheld/Abstain | Votes Against |
|---|--------------|---------------------------|------------------|
| <u>Nomination of Directors</u> | | | |
| Director Nominee: Marcus New | 27,156,448 | 321,656 | - |
| Director Nominee: David Caddey | 27,376,045 | 102,059 | - |
| Director Nominee: Louis Deboer III | 27,372,044 | 106,060 | - |
| Director Nominee: Patrick Spain | 27,372,044 | 106,060 | - |
| Director Nominee: Stephen Zacharias | 27,369,244 | 108,860 | - |
| Director Nominee: Thomas Baker | 27,376,045 | 102,059 | - |
| Director Nominee: Janet Scardino | 27,371,045 | 107,059 | - |
| To ratify the appointment of Deloitte and Touche LLP as the Company's independent auditors for the fiscal year ended December 31, 2008 | 27,454,287 | 23,817 | - |
| Approval of Amended and Restated 2007 Stock Option Plan | 14,237,222 | 6,961,064 | 6,279,818 |
| Approval of change of Company name to "Stockhouse Inc." | 27,244,410 | 86,326 | 147,368 |

The Company's new CUSIP number is 861281 103

Item 5. Other Information

Effective July 10, 2008, the Company changed its name from Stockgroup Information Systems Inc. to Stockhouse Inc. As a result, effective July 21, 2008, Stockhouse traded on the Over-the-Counter Bulletin Board quotation service operated by the Nasdaq Stock Market, Inc. under its new trading symbol "STKH.OB" (previously since March 17, 1999 under the symbol "SWEB") and on the TSX Venture Exchange under its new trading symbol "SHC.V" (previously since December 17, 2002 under the symbol "SWB").

Item 6. Exhibits

The following exhibits are filed as part of this Form 10-Q:

| Exhibit No. | Exhibit Title |
|-----------------------|---|
| 10.15 | Stockgroup Information Systems Inc. Amended and Restated Stock Option Plan - 2007 |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act. |
| 32.1 | Certification of Chief Executive Officer and of Chief Financial Officer furnished pursuant to Rule 13a-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). |

The following exhibits are incorporated by reference:

| Exhibit No. | Exhibit Title |
|-------------|--|
| 3.1 | Articles of Incorporation & Bylaws is incorporated by reference to Form 10SB12G filed January 29, 1998 (File No. 000-23687) |
| 3.2 | Articles of Amendment dated July 10, 2008 is incorporated by reference to Form 8-K filed July 24, 2008 (File No. 000-23687) |
| 3.3 | Articles of Amendment dated September 30, 2001 is incorporated by reference to Form 8-K filed October 11, 2001 |
| 3.4 | Certificate of Designation for Series A Convertible Preferred Stock by reference to Form 10-Q filed May 14, 2008 (File No. 000-23687) |
| 4.1 | Form of Warrant for Common Stock is incorporated by reference to Form 8-K filed September 28, 2006. (File No. 000-23687) |
| 10.1 | Stockgroup Information Systems Inc. 2003 Stock Option Plan – Amended, is incorporated by reference to Exhibit 10.1 filed on Form S-8 POS with the SEC on May 19, 2006 (File No. 333- 114481) |
| 10.2 | Private Placement Subscription Agreement is incorporated by reference to Form 8-K filed September 28, 2006 (File No. 000-23687) |
| 10.3 | Purchase Agreement between Stockgroup Information Systems Inc., Stockgroup Systems Ltd., Stockgroup Media, Inc., TeleCommunication Systems, Inc., and TeleCommunication Systems (Holdings) Limited is incorporated by reference to Form 8-K filed on February 16, 2007 (File No. 000-23687) |
| 10.4 | Audited Combined Financial Statements of Mobile Finance Division (A division of TeleCommunication Systems, Inc.) (“MFD”) and Unaudited <i>Pro forma</i> Consolidated Financial Statements of Stockgroup Information Systems Inc is incorporated by reference to Form 8-K/A filed on April 16, 2007. (File No. 000-23687) |
| 10.5 | Private Placement Subscription Agreement is incorporated by reference to Form 8-K filed on May 21, 2007 (File No. 000-23687) |
| 10.6 | Registration Rights Agreement dated May 18, 2007 is incorporated by reference to Form 8-K filed on May 21, 2007. (File No. 000-23687) |
| 10.7 | Asset Purchase Agreement dated May 8, 2007 between the Company and Semotus Solutions Inc. dated May 8, 2007 is incorporated by reference to Form 8-K filed on May 10, 2007 (File No. 000-23687). |
| 10.8 | Amended Purchase Agreement dated January 24, 2007 between the Company and TeleCommunication Systems, Inc. is incorporated by reference to Form 8-K filed on February 20, 2007. (File No. 000-23687) |
| 10.9 | Purchase Agreement dated January 24, 2007 between the Company and TeleCommunication Systems, Inc. is incorporated by reference to Form 8-K filed on February 20, 2007 (File No. 000- 23687). |
| 10.10 | Employment Agreement between the Company and Karl Buhr is incorporated by reference to Form 8-K filed on February 21, 2008. (File No. 000-23687). |
| 10.11 | Employment Agreement between the Company and Dana Stetson is incorporated by reference to Form 8-K filed on February 21, 2008. (File No. 000-23687). |
| 10.12 | Employment Agreement between the Company and Audrey Brownmiller is incorporated by reference to Form 8-K filed on February 21, 2008. (File No. 000-23687). |
| 10.13 | Series A Convertible Preferred Stock Purchase Agreement dated April 30, 2008 is incorporated by reference to Form 8-K filed on May 7, 2008 (File No. 000-23687) |
| 10.14 | Performance Stock Option Agreement dated April 28, 2008 between the Company and Karl Buhr by reference to Form 10-Q filed on May 14, 2008 (File No. 000-23687) |

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STOCKHOUSE INC.
(Registrant)

Date: August 13, 2008

By: /s/ Marcus New
Marcus New
Chief Executive Officer
(Principal Executive Officer)

By: /s/ usan Lovell
Susan Lovell
Chief Financial Officer
(Principal Financial Officer)

STOCKGROUP INFORMATION SYSTEMS INC.
(the "Company")
AMENDED AND RESTATED STOCK OPTION PLAN - 2007
3,300,000 OPTIONS

This 2007 Amended and Restated Stock Option Plan (the "Plan") makes available, as of June 1, 2007, 3,300,000 options to purchase the Company's common shares.

1. Definitions

As used herein, the following definitions shall apply:

- (a) "**Agreement**" shall mean the written agreement between the Company and the Participant relating to Options or Restricted Shares granted under the Plan.
 - (b) "**Board**" shall mean the Board of Directors of the Company.
 - (c) "**Change of Control**" means a change in ownership or control of the Company which is approved by the TSX Venture Exchange, effected through any of the following transactions:
 - (i) the direct or indirect acquisition by any person or related group of persons (other than by the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders, or other transaction, in each case which the Board does not recommend such shareholders to accept; or
 - (ii) a change in the composition of the Board over a period of 24 consecutive months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either:
 - A. have been Board members continuously since the beginning of such period; or
 - B. have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board; or
 - C. a Corporate Transaction as defined below.
 - (d) "**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder.
 - (e) "**Committee**" shall mean the Committee appointed by the Board in accordance with Section 5 of the Plan, if one is appointed.
-

- (f) “**Company**” shall mean Stockgroup Information Systems Inc., a Colorado corporation, and shall include any parent or subsidiary corporation of the Company.
- (g) “**Consultant**” and “**Advisor**” means an individual who:
- (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company other than services provided in relation to a “distribution” (as that term is defined in the *Securities Act*);
 - (ii) provides the services under a written contract between the Company and the individual or a Consultant Entity (as defined in clause 1(g)(v), below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,
- and includes:
- (i) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
 - (ii) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (h) “**Corporate Transaction**” means any of the following shareholder-approved transactions to which the Company is a party:
- (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;
 - (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company; or
 - (iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than 50% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such merger.
- (i) “**Date of Grant**” means the date specified by the Board or the Committee or a Designated Officer on which a grant of Options shall become effective.
- (j) “**Designated Officer**” shall mean an Officer designated under Section 5.2(b) herein.
-

- (k) “**Director**” shall mean a member of the Board.
 - (l) “**Effective Date**” shall have the meaning ascribed thereto in Section 7.
 - (m) “**Employee**” means:
 - (i) an individual who works full-time or part-time for the Company and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source,and includes:
 - (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
 - (n) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.
 - (o) “**Fair Market Value**” per share shall mean:
 - (i) if the Shares is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system, on the date of determination or, if the date of determination is not a trading day, the immediately preceding trading day, as reported in *The Wall Street Journal* or such other source as the Designated Officer deems reliable;
 - (ii) if the Shares is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination or, if there are no quoted prices on the date of determination, on the last day on which there are quoted prices prior to the date of determination, as reported in *The Wall Street Journal* or such other source as the Designated Officer deems reliable; or
 - (iii) in the absence of an established market for the Shares, the Fair Market Value shall be determined in good faith by the Designated Officer.
 - (p) “**Officer**” shall mean any officer of the Company.
 - (q) “**Non-qualified Stock Option**” means an Option that is not intended to qualify as a Tax- Qualified Option (as defined in the Code).
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- (r) “**Option**” means the right to purchase Shares from the Company upon the exercise of a Non-qualified Stock Option granted pursuant to Section 8 of this Plan.
 - (s) “**Option Price**” means the purchase price payable upon the exercise of an Option.
 - (t) “**Optioned Stock**” shall mean the Shares subject to an Option.
 - (u) “**Option Term**” shall have the meaning ascribed to it in Section 8.3.
 - (v) “**Optionee**” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
 - (w) “**Parent**” shall mean a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.
 - (x) “**Participant**” means a person who is selected by the Board or the Committee or a Designated Officer to receive benefits under this Plan and:
 - (i) is at that time an Employee, Officer, Director, or a Consultant or Advisor, to the Company, or
 - (ii) has agreed to commence serving in any such capacity.
 - (y) “**Person or Entity**” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
 - (z) “**Personal Representative**” means:
 - (i) in the case of a deceased Optionee, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Optionee who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Optionee.
 - (aa) “**Plan**” shall mean this Amended and Restated 2007 Stock Option Plan, as amended from time to time in accordance with the terms hereof.
 - (bb) “**Regulatory Authorities**” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
 - (cc) “**Regulatory Rules**” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
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- (dd) “**Restricted Shares**” means Common Shares granted or sold pursuant to Section 8 of this Plan as to which neither the substantial risk of forfeiture nor the restrictions on transfer referred to in Section 8 hereof has expired.
- (ee) “**Rule 16b-3**” means Rule 16b-3, as promulgated and amended from time to time by the Securities and Exchange Commission under the Exchange Act, or any successor rule to the same effect.
- (ff) “**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (gg) “**Shares**” or “**Common Shares**” shall mean:
 - (i) shares of the common stock of the Company, no par value, described in the Company's Articles of Incorporation, as amended; and
 - (ii) any security into which shares of the common stock of the Company may be converted by reason of any transaction or event of the type referred to in Section 9 of this Plan, in each case as the same may be adjusted pursuant to Section 9 of this Plan.
- (hh) “**Subsidiary**” shall mean a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.
- (ii) “**Tax Date**” shall mean the date an Optionee is required to pay the Company an amount with respect to tax withholding obligations in connection with the exercise of an Option.
- (jj) “**Termination Date**” shall have the meaning ascribed thereto in Section 12.

2. Purposes of the Plan

The purposes of this Plan are the following:

- (a) to attract and retain the best available personnel for positions of responsibility within the Company;
- (b) to provide additional incentives to Employees, Officers, Directors and Consultants of the Company;
- (c) to provide Employees, Directors, Officers and Consultants of the Company with an opportunity to acquire a proprietary interest in the Company to encourage their continued provision of services to the Company;
- (d) to provide such persons with incentives and rewards for superior performance more directly linked to the profitability of the Company's business and increases in shareholder value; and
- (e) to align the interests of such persons with the interests of the Company's shareholders generally.

Incentive benefits granted hereunder are Non-qualified Stock Options or Restricted Shares, as those terms are hereinafter defined. The Options granted shall be reflected in the terms of a

written Agreement. No Option granted hereunder shall be effective until an Agreement with respect to such Option is executed by both the Company and the Participant. Execution of the Agreement shall not effect the Grant Date.

3. The Plan

The Plan is not effective until all approvals of the Plan pursuant to Sections 14.8 and 14.13 hereof are obtained.

4. Shares Subject to the Plan

Subject to the provisions of Section 9 of the Plan, the maximum aggregate number of Shares which may be optioned and sold or otherwise awarded under the Plan is Three Million Three Hundred Thousand (3,300,000) Shares. Any Shares available for grants and awards at the end of any calendar year shall be carried over and shall be available for grants and awards in the subsequent calendar year.

For the purposes of this Section 4:

- (a) Upon expiration or cancellation of any award granted under this Plan, any Shares that were covered by such award shall again be available for issuance or transfer hereunder.
- (b) Shares covered by any award granted under this Plan shall be deemed to have been issued, and shall cease to be available for future issuance in respect of any other award granted hereunder, at the earlier of the time when they are actually issued or the time when dividends or dividend equivalents are paid thereon.

5. Administration of the Plan

5.1 Procedure

- (a) The Board shall administer the Plan; provided, however, that the Board may appoint a Committee consisting solely of two (2) or more "Non-Employee Directors" to administer the Plan on behalf of the Board, in accordance with Rule 16b-3.

- (b) Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause), appoint new members in substitution therefor, and fill vacancies however caused; provided, however, that at no time may any person serve on the Committee if that person's membership would cause the committee not to satisfy the requirements of Rule 16b-3.

- (c) A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee.

- (d) Any reference herein to the Board shall, where appropriate, encompass a Committee appointed to administer the Plan in accordance with this Section 5.
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5.2 Power of the Board or the Committee or a Designated Officer

- (a) Subject to the provisions of the Plan and subject to any applicable stock exchange, where required, the Board, the Committee or a Designated Officer shall have the authority, in its discretion:
- (i) to grant Options or shares to Participants;
 - (ii) to determine, upon review of relevant information and in accordance with Section 1(o) of the Plan, the Fair Market Value of the Shares;
 - (iii) to determine the Option price per share of Options to be granted, which Option Price shall be determined in accordance with Section 8.4 of the Plan;
 - (iv) to determine the number of Shares to be represented by each Option;
 - (v) to determine the Participants to whom, and the time or times at which, Options or shares shall be granted;
 - (vi) to interpret the Plan;
 - (vii) to prescribe, amend and rescind rules and regulations relating to the Plan;
 - (viii) to determine the terms and provisions of each Option granted (which need not be identical) and, with the consent of the Optionee thereof, modify or amend such Option;
 - (ix) to accelerate or defer (with the consent of the Optionee) the exercise date of any Option;
 - (x) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Board;
 - (xi) to accept or reject the election made by an Optionee pursuant to Section 8.7 of the Plan;
 - (xii) to impose such additional conditions, as it deems advisable, as to the vesting and exercise of any Options granted pursuant to the Plan, including, but not limited to performance criteria; and
 - (xiii) to make all other determinations deemed necessary or advisable for the administration of the Plan.
- (b) The Board or a Committee may delegate to an Officer of the Company the authority to make decisions pursuant to this Plan, provided that no such delegation may be made that would cause any award or other transaction under the Plan to cease to be exempt from Section 16(b) of the Exchange Act. A Committee may authorize any one or more of its members or any Officer of the Company to execute and deliver documents on behalf of the Committee.
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5.3 Effect of Board or Committee or Designated Officer Decisions

All decisions and determinations and the interpretation and construction by the Board or the committee or a Designated Officer of any provision of this Plan or any agreement, notification or document evidencing the grant of Options and any determination by the Board or the Committee or a Designated Officer pursuant to any provision of this Plan or any such agreement, notification or document, shall be final, binding and conclusive with respect to all Participants and/or Optionees and any other holders of any Option granted under the Plan. No member of the Board or the Committee or a Designated Officer shall be liable for any such action taken or determination made in good faith.

6. Eligibility

Consistent with the Plan's purposes, Options or Shares may be granted only to such Directors, Officers, Employees, Consultants and Advisors of the Company as determined by the Board or the Committee or a Designated Officer. Subject to the terms of the Plan, a Director, Officer, Employee, Consultant or Advisor who has been granted an Option or Shares may, if he or she is otherwise eligible, be granted an additional Option or Shares. It is required under the Plan that where Options are granted to Directors, Officers, Employees, Consultants and Advisors of the Company, the Company represents that the Optionee is a bona fide Director, Officer, Employee, Consultant or Advisor as the case may be.

At no time, however, may Options under the Plan, together with all of the Company's previously established or proposed share compensation arrangements, result, at any time, in:

- (a) more than 5% of the outstanding shares of common stock of the Company being granted to any one Participant in any 12 month period (unless the Company is classified as a Tier 1 Issuer, in accordance with the TSX Venture Exchange Corporate Finance Manual, and has obtained disinterested shareholder approval);
- (b) more than 2% of the outstanding shares of common stock of the Company being granted to any one Consultant in any 12 month period; or
- (c) more than an aggregate of 2% of the outstanding shares of the common stock of the Company being granted to all employees conducting investor relations activities, in any 12 month period.

The Plan shall not confer upon any Optionee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment or consulting relationship at any time, with or without cause.

7. Board Approval: Effective Date

Pursuant to Section 3 hereof, the Plan shall take effect on June 1, 2007 (the "Effective Date"). No Option may be granted after the Termination Date as hereinafter defined.

8. Options or Shares

The Board or the Committee or a Designated Officer may from time to time authorize grants to Participants of Options to purchase Shares, or the grant of shares upon such terms and conditions

as the Board or the Committee or a Designated Officer may determine in accordance with the following provisions:

8.1 Options or Shares to be Granted; Terms

- (a) Options granted pursuant to this Section 8 would be Non-qualified Stock Options. The Board or the Committee or a Designated Officer shall determine the specific terms of Options.
- (b) Each grant shall specify the period or periods of continuous employment, or continuous engagement of the consulting or advisory services, of the Optionee by the Company or any Subsidiary, or such other conditions as the Board or the Committee or a Designated Officer may provide, that are necessary before the Options or installments thereof shall become exercisable.
- (c) Subject to regulatory requirements, all options issued under the Plan shall vest on such terms as determined by the Board of Directors in its discretion, except options granted to Consultants performing investor relations activities, which will at a minimum vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period.
- (d) All Options issued under the Plan are non-transferable and non-assignable.

8.2 Number of Shares Subject to Options

Each grant shall specify the number of Shares to which it pertains. Subject to Section 6, successive grants may be made to the same Optionee regardless of whether any Options previously granted to the Optionee remain unexercised.

8.3 Term of Option; Earlier Termination

Subject to further provisions of this Section 8, unless otherwise provided in the Agreement, the term (the "Option Term") of each Option shall be five (5) years from the Date of Grant, provided that no grant shall be effective until the Company and the Participant have executed and delivered an Agreement. In no case shall the Option Term exceed the maximum term permitted by any stock exchange or quotation system on which the Company's shares are listed and posted for trading, currently a maximum of five (5) years for the TSX Venture Exchange.

8.4 Exercise Price

Each grant shall specify an Option Price per Share for the Shares to be issued pursuant to exercise of an Option, which shall be determined by the Board or the Committee or a Designated Officer; provided, however, that any such exercise price shall not be less than that, from time to time, permitted under the rules and policies of any exchange or over-the-counter market which is applicable to the Company. In the case of options granted to consultants, the exercise price shall be no less than the Fair Market Value per share on the Date of Grant. Any reduction in exercise price for the Option of an Insider of the Company will be subject to disinterested shareholder approval.

8.5 Payment for Shares

The Option Price of an exercised Option and any taxes attributable to the delivery of Shares under the Plan or portion thereof, shall be paid in cash in the form of United States currency or check or other cash equivalent acceptable to the Company.

8.6 Rights as a Stockholder

Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of an Option.

8.7 Exercise of Option

(a) Procedure for Exercise

- (i) Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Board or the Committee or a Designated Officer, including performance criteria with respect to the Company and/or the Optionee, and as shall be permissible under the terms of the Plan. Unless otherwise determined by the Board or the Committee or a Designated Officer at the time of grant, an Option may be exercised in whole or in part.
- (ii) An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Board or the Committee or a Designated Officer, consist of any consideration and method of payment allowable under Section 8.5 of the Plan.
- (iii) Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

- (b) Termination of Status as an Employee, Director, Officer, Consultant or Advisor. Unless otherwise provided in an Agreement, if an Employee's employment by the Company is terminated, except if such termination is voluntary or occurs due to retirement with the consent of the Board or the Committee or a Designated Officer or due to death or disability, then the Option, to the extent not exercised, shall terminate on the date on which the Employee receives notice that the Employee's employment by the Company is terminated. In no case shall options issued to a Director, Officer, Employee, Consultant or Advisor be exercisable for more than sixty (60) calendar days after the Optionee ceases to be in one of those categories. If an Employee's termination is voluntary or occurs due to retirement with the consent of the Board or the Committee or a Designated Officer, then the Employee may after the date such Employee ceases to be an employee of the Company, exercise his or her Option at any time within sixty (60) calendar days after the date he or she ceases to be an Employee of the Company, but only to the extent that he was entitled to exercise it on the date of such termination. To the extent that the
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Employee was not entitled to exercise the Option at the date of such termination, or if the Employee does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate. Options granted to an Optionee who is engaged in Investor Relations Activities shall expire within thirty (30) days after the Optionee ceases to be employed to provide investor relations activities.

- (c) Death. Unless otherwise provided in the Agreement, if an Optionee dies during the term of the Option and is at the time of his death an Employee, the Option may be exercised at any time within twelve (12) months following the date of death by the Optionee's executor or other legal representative or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Optionee was entitled to exercise the Option on the date of death, or if the Optionee's estate, or person who acquired the right to exercise the Option by bequest or inheritance, does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.
- (d) Disability of Optionee. In the event of termination of an Optionee's consulting relationship or continuous status as an Employee as a result of his or her disability, an Optionee may, but only within three (3) months from the date of such termination (and in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), exercise the Option to the extent otherwise entitled to exercise it at the date of such termination. To the extent that an Optionee is not entitled to exercise the Option at the date of termination, or if an Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.
- (e) Leave of Absence. Excluding an approved maternity or paternity leave, in the event of a management approved leave of absence, any unvested Options shall cease to vest and shall not be exercisable as if you were an active employee of the Company, subject to the terms of this Plan. If you return to active status, your Options will continue to vest and be exercisable in accordance with their terms. If you do not return to active status within 30 calendar days, your unvested Options will be canceled immediately and your vested Options will be canceled on the 31st day following your last day of active employment.
- (f) Rule 16b-3. Options granted to persons subject to Section 16(b) of the Exchange Act must comply with Rule 16b-3 and shall contain such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.
- (g) Buyout Provisions. The Administrator may at any time offer to buy out for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

8.8 Agreement

Each grant of an Option or Restricted Share award shall be evidenced by an Agreement, which shall be executed on behalf of the Company by any Officer thereof and delivered to and accepted by the Optionee and shall contain such terms and provisions as the Board or the Committee or a Designated Officer may determine consistent with this Plan.

9. Adjustments Upon Changes in Capitalization or Merger

Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as Shares covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board or the Committee or a Designated Officer, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof, shall be made with respect to the number of Shares subject to an Option or the Option Price thereof.

In the event of the proposed dissolution or liquidation of the Company, and subject to TSX Venture Exchange approval as required, all Options will terminate immediately prior to the consummation of such proposed action unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each holder the right to exercise his or her Option as to all or any part thereof, including Shares as to which the Option would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Option shall be assumed or an equivalent Option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the holder shall have the right to exercise the Option as to all of the Shares, including Shares as to which the Option would not otherwise be exercisable. If the Board makes an Option exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the holder that the Option shall be fully exercisable for a period of sixty (60) days from the date of such notice (but not later than the expiration of the term of the Option), and the Option will terminate upon the expiration of such period.

10. Transferability

Except to the extent otherwise expressly provided in the Plan, the right to acquire Shares or other assets under the Plan may not be assigned, encumbered or otherwise transferred by an Optionee and any attempt by an Optionee to do so will be null and void. No Option granted under this Plan may be transferred by an Optionee except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, as amended, or the rules thereunder or equivalent laws of the Optionees jurisdiction of residence. Options granted under this Plan may not be exercised during a Participant's lifetime except by the Optionee or, in the event of the Optionee's legal incapacity, by his or her guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under applicable law and court supervision.

11. Time of Granting of Options

The Date of Grant of an Option shall, for all purposes, be the date on which the Board or the Committee or a Designated Officer makes the determination granting such Option. Notice of the determination shall be given to each Participant to whom an Option is so granted within a reasonable time after the date of such grant. The date the Optionee executes the Agreement shall have no effect on the Grant Date.

12. Amendment and Termination of the Plan

The Board may amend Plan from time to time in such respects as the Board may deem advisable or otherwise terminate the Plan.

Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Board or the Committee or a Designated Officer, which agreement must be in writing and signed by the Optionee and the Company.

Notwithstanding the foregoing, this Plan shall terminate upon the earlier of the date on which all awards available for issuance in the last year of the Plan shall have been issued and fully exercised (the "Termination Date"). Upon termination of the Plan, no further Options may be granted pursuant to the Plan, but all Options granted prior thereto and still outstanding on such date shall thereafter continue to have force and effect in accordance with the provisions of the Agreements evidencing such Options.

13. Withholding Taxes

The Company is authorized to withhold income taxes as required under applicable laws or regulations. To the extent that the Company is required to withhold any amounts due to federal, state, local or foreign laws and/or regulations in connection with any payment made or benefit realized by an Optionee or other person under this Plan, and the amounts available to the Company for the withholding are insufficient, it shall be a condition to the receipt of any such payment or the realization of any such benefit that the Optionee or such other person make arrangements satisfactory to the Company for payment of the balance of any taxes or other amounts required to be withheld. At the discretion of the Board or the Committee or a Designated Officer, any such arrangements may without limitation include relinquishment of a portion of any such payment or benefit or the surrender of outstanding Shares. The Company and any Optionee or such other person may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

14. Miscellaneous Provisions

14.1 Plan Expense

Any expenses of administering this Plan shall be borne by the Company.

14.2 Construction of Plan

The place of administration of the Plan shall be in Vancouver, British Columbia or such other cities as the Board of Directors may designate, and the validity, construction,

interpretation, administration and effect of the Plan and of its rules and regulations, and rights relating to the Plan, shall be determined in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein without regard to conflict of law principles and, where applicable, in accordance with the Code.

14.3 Other Compensation

The Board or the Committee or a Designated Officer may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

14.4 Continuation of Employment or Services

This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Participant's employment or other service at any time. Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting other or additional compensation arrangements for its Employees.

14.5 Certain Terminations of Employment or Consulting Services, Hardship and Approved Leaves of Absence

Notwithstanding any other provision of this Plan to the contrary, and subject to TSX Venture Exchange Approval, in the event of termination of employment or consulting services by reason of death, disability, normal retirement, early retirement with the consent of the Company, termination of employment or consulting services to enter public or military service with the consent of the Company or leave of absence approved by the Company, or in the event of hardship or other special circumstances, of an Optionee who holds an Option that is not immediately and fully exercisable, the Board or the Committee or a Designated Officer may take any action that it deems to be equitable under the circumstances or in the best interest of the Company, including without limitation waiving or modifying any limitation or requirement with respect to any award under this Plan.

14.6 Binding Effect

The provisions of the Plan and the applicable Agreements shall inure to the benefit of, and be binding upon, the Company and its successors or assigns, and the Participants, their legal representatives, their heirs or legacies and their permitted assignees.

14.7 Exchange Act Compliance

With respect to persons subject to Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provisions of the Plan or action by the Board or the Committee or a Designated Officer fails to so comply, they shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board or the Committee or a Designated Officer.

14.8 Conditions upon Issuance of Shares

- (a) Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, the British Columbia Securities Act, applicable securities legislation in any other jurisdiction, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.
- (b) As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased or otherwise acquired only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company such a representation is required by any of the aforementioned relevant provisions of law.
- (c) Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Share hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

14.9 Fractional Shares

The Company shall not be required to issue any fractional Shares pursuant to this Plan. The Board or the Committee or a Designated Officer may provide for the elimination of fractions or for the settlement thereof in cash.

14.10 Reservation of Shares

The Company will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

14.11 Indemnification

In addition to such other rights of indemnification as they may have as members of the Board, the members of the Board and of the Committee and any Designated Officer shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they or any of them may be party by reason of any action taken or failure to act under or in connection with the Plan or any Option, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except a judgment based upon a finding of bad faith; provided that upon the institution of any such action, suit or proceeding a Board member or Committee member or a Designated Officer shall, in writing, give the Company notice thereof and an opportunity, at its own expense, to handle and defend the same before such Board member or Committee member or a Designated Officer undertakes to handle and defend it on his own behalf.

14.12 Use of Proceeds

Any cash proceeds received by the Company from the sale of Shares under the Plan shall be used for general corporate purposes.

14.13 Regulatory Approvals

- (a) The implementation of the Plan, the granting of any awards under the Plan and the issuance of any Shares shall be subject to the Company's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the awards granted under it and the Shares issued pursuant to it.
- (b) No Shares or other assets shall be issued or delivered under this Plan unless and until there shall have been compliance with all applicable requirements of federal, provincial and applicable foreign securities laws.

14.14 Other Tax Matters

Reference herein to the Code and any described tax consequences related to the Plan or the granting or exercise of an award hereunder pertain only to those persons (including the Company) subject to the tax laws of the United States of America and Canada or any state, province or territory thereof.

CERTIFICATION

I, Marcus New, certify that:

I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2008 of Stockhouse Inc. (the "Company");

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;

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 operations and cash flows of the Company as of, and for, the periods presented in this report;

The Company's other certifying officer 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)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company'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
- d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

- a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company'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 Company's internal controls over financial reporting.

Date: August 13, 2008

/s/ Marcus New
Marcus New
Chief Executive Officer

CERTIFICATION

I, Susan Lovell, certify that:

I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2008 of Stockhouse Inc. (the "Company");

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;

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 operations and cash flows of the Company as of, and for, the periods presented in this report;

The Company's other certifying officer 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)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company'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
- d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

- a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company'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 Company's internal controls over financial reporting.

Date: August 13, 2008

/s/ Susan Lovell
Susan Lovell
Chief Financial Officer

CERTIFICATION

We, Marcus New, and Susan Lovell, of Stockhouse Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marcus New
Marcus New
Chief Executive Officer

August 13, 2008

/s/ Susan Lovell
Susan Lovell
Chief Financial Officer

August 13, 2008

A signed original of this written statement required by s. 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.