

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990 c.S.5, AS AMENDED**

- and -

**IN THE MATTER OF
ZORAN POPOVIC and
DXSTORM.COM INC.**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated March 31, 2005, the Ontario Securities Commission (the "Commission") announced that it would hold a hearing on April 26, 2005 to consider whether pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") it is in the public interest to make an order that:

- (a) pursuant to section 127(1) clause 2 of the Act, Zoran Popovic ("Popovic") cease trading in securities until he has filed all reports in respect of changes in his direct or indirect beneficial ownership of or control over DXStorm.Com Inc. ("DXStorm") for the period January to December 31, 2002, as required by section 107 (2) of the Act;
- (b) pursuant to section 127(1) clause 6 of the Act, Popovic be reprimanded;
- (c) pursuant to section 127.1 of the Act, Popovic pay a portion of the costs of the investigation and this proceeding;

(d) pursuant to section 127(1) clause 4 of the Act, DXStorm institute an insider trading policy and implement such other changes as the Commission may direct; and

(e) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) recommend settlement of the proceeding initiated in respect of Popovic and DXStorm in accordance with the terms and conditions set out below. Popovic and DXStorm consent to the making of an order against them in the form attached as Schedule “A” on the basis of the facts set out below.

III. STATEMENT OF FACTS

3. For the purposes of this Settlement Agreement, Popovic and DXStorm agree with the facts set out in Part III.

4. DXStorm is a reporting issuer in Ontario. DXStorm is a TSX Venture Exchange listed company and trades under the ticker symbol “DXX”.

5. Popovic executed 95 trades in DXStorm in 2002. Notwithstanding this, when the proceeding was commenced, Popovic had not filed any section 107(2) reports in respect of those trades.

6. At the relevant time, DXStorm did not have in place a policy dealing with insider trading.

7. As at May 4, 2005, Popovic has filed all reports in respect of the 95 transactions in DXStorm which are now at issue in this proceeding. In addition, the corporate respondent DXStorm has prepared a Code of Conduct, including an Insider Trading and Reporting Policy (the “Code of Conduct”) attached as “Schedule “B” to this Agreement. The Code of Conduct has been reviewed by Staff and is, in Staff’s view, acceptable. The Code of Conduct will be presented to the DXStorm Board of Directors on Friday, May 6, 2005.

Conduct Contrary to the Public Interest

8. By failing to file insider trading reports as required by section 107(2), Popovic breached Ontario securities law and engaged in conduct contrary to the public interest.

9. By failing to have in place a policy dealing with insider trading, DXStorm engaged in conduct contrary to the public interest.

IV. TERMS OF SETTLEMENT

10. Popovic and DXStorm agree to the following terms of settlement:

- (a) pursuant to section 127(1) clause 6 of the Act, Popovic will be reprimanded;
- (b) the Commission will make an order under section 127.1 of the Act requiring Popovic to pay \$5,500.00 in costs; and
- (c) the Commission will make an order pursuant to section 127(1) clause 4 of the Act requiring DXStorm to implement the Code of Conduct appended to this Agreement as Schedule "B".

V. STAFF COMMITMENT

11. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Popovic and DXStorm in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 15 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

12. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Tuesday, May 10, 2005, or such other date as may be agreed to by Staff and in accordance with the procedures described in this Settlement Agreement.

13. Staff, Popovic and DXStorm agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter, and Popovic and DXStorm agree to waive their rights to a full hearing, judicial review, or appeal of the matter under the Act.

14. Staff, Popovic and DXStorm agree that if this Settlement Agreement is approved by the Commission, neither Staff, Popovic nor DXStorm will make any public statement inconsistent with this Settlement Agreement.

15. If Popovic and DXStorm fail to honour the agreement contained in paragraph 10 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Popovic and DXStorm based on the above-noted failure to file section 107(2) reports and to have in place an insider trading policy, and based on the breach of this Settlement Agreement.

16. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an order in substantially the form attached as Schedule "A" is not made by the Commission, each of Staff, Popovic and DXStorm will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

17. Whether or not this Settlement Agreement is approved by the Commission, Popovic and DXStorm agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

18. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason

whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of Popovic and DXStorm and Staff or as may be required by law.

19. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

20. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

21. A facsimile copy of any signature shall be as effective as an original signature.

DATED this “5th” day of May, 2005

Signed in the presence of:

”Carr Hatch”
Witness

”Zoran Popovic”
Zoran Popovic

”Carr Hatch”
Witness

”Zoran Popovic”
DXStorm.Com Inc.
I have authority to bind
the corporation

DATED this “5th” day of May, 2005

STAFF OF THE ONTARIO SECURITIES
COMMISSION

Per:

”Brian Clarkin per Michael Watson”
Michael Watson
Director, Enforcement Branch