

APPLIED INVENTIONS MANAGEMENT INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual and special meeting (the "**Meeting**") of shareholders ("**Shareholders**") of Applied Inventions Management Inc. (the "**Corporation**") will be held at the offices of its solicitors, WeirFoulds LLP, Mason Room, 130 King Street West, Suite 1500, Exchange Tower, Toronto, Ontario, on Thursday, November 24, 2011 at the hour of 10:30 in the forenoon (Toronto time), for the following purposes:

- (1) to receive the financial statements of the Corporation for the year ended August 31, 2011, together with the report of the auditors thereon;
- (2) to elect directors of the Corporation;
- (3) to appoint auditors and to authorize the directors to fix the auditors' remuneration;
- (4) to consider and, if deemed advisable, to approve an amendment to the articles of the Corporation providing that the Corporation's issued and outstanding Class A Subordinate Voting Shares and the Class B Multiple Voting Shares (collectively, the "**Shares**") be consolidated on the basis of one (1) new Share in the capital of the Corporation for every ten (10) existing Shares or such lesser number of existing Shares as may be determined by the Board of Directors of the Corporation and approved by applicable regulatory and exchange authorities, if any;
- (5) to consider and, if deemed advisable, to approve an amendment to the articles of the Corporation in order to change the name of the Corporation to "Applied Inventions Management Corp." or such other name as may be approved by the Board of Directors of the Corporation and applicable regulatory and exchange authorities, if any;
- (6) to consider and, if deemed advisable, to pass, with or without variation, a resolution approving the new by-laws of the Corporation, which includes lowering the minimum number of Canadian residents that are required to be on the Board of Directors and its committees from a majority of the directors to one-quarter;
- (7) to consider and, if deemed appropriate, to pass with or without variation, a resolution approving the adoption of a new incentive stock option plan for the Corporation, as more particularly described in the accompanying Management Information Circular;
- (8) to consider and, if deemed appropriate, to pass with or without variation, a resolution authorizing the Corporation's board of directors to effect the issuance of shares in the capital of the Corporation in exchange for debt owing to an officer of the Corporation, as more particularly described in the accompanying Management Information Circular; and
- (9) to transact such further and other business as may properly come before the Meeting or any adjournment(s) thereof.

The accompanying Management Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice of Meeting. **SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON SHOULD COMPLETE, DATE AND SIGN THE ENCLOSED APPLICABLE INSTRUMENT OF PROXY, AND TO RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.**

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person, are asked to complete and sign the enclosed proxy and return it as soon as possible in the envelope provided for that purpose. To be effective, the enclosed proxy must be

mailed so as to reach or be deposited with the Corporation's transfer agent, Equity Financial Trust Company, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 no later than 4:00 p.m. (Toronto time) on Tuesday, November 22, 2011.

DATED this 24th day of October, 2011.

By Order of the Board of Directors
"Michael Stein"
Michael Stein
President

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APPLIED INVENTIONS MANAGEMENT INC.

MANAGEMENT INFORMATION CIRCULAR AS AT OCTOBER 24, 2011

SOLICITATION OF PROXIES

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of the Corporation for use at an annual and special meeting (the "**Meeting**") of shareholders of the Corporation to be held on **November 24, 2011** at the time and place and for the purposes set forth in an attached notice of the Meeting (the "**Notice**").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or personal interview by regular employees of the Corporation, or by other proxy solicitation services retained by the Corporation. The costs thereof will be borne by the Corporation. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries to forward solicitation materials to the beneficial owners of shares of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Unless otherwise specified, information contained in this Circular is given as of October 24, 2011 (the "**Record Date**") and, unless otherwise specified, all amounts shown represent Canadian dollars.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed instrument of proxy (the "**Proxy**") are officers and directors of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the shareholders who appoint them.

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE OR APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED PROXY. Such right may be exercised by striking out the names of the two (2) persons designated in the Proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper Proxy and, in either case, delivering the completed and executed Proxy to the Corporation c/o EQUITY FINANCIAL TRUST COMPANY, Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1, at any time prior to 4:00 in the afternoon (Toronto time) on November 22, 2011.

A shareholder forwarding the enclosed Proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the Proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the Proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the Proxy.

A shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, by a duly authorized officer, attorney or representative thereof and deposited at the registered office of the Corporation at any time prior to 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the Proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Corporation's registered and head office is located at Suite 801, 1 Adelaide Street East, Toronto, Ontario M5C 2V9.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") are advised that only proxies from shareholders of record can be recognized and voted upon at the Meeting. Beneficial Shareholders who complete and return the Proxy must indicate thereon the person who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The Proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

All references to shareholders in this Information Circular and the accompanying Proxy and Notice are to shareholders of record unless specifically stated otherwise.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted FOR each of the matters identified in the Notice and described in this Information Circular.**

The enclosed Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting is by an "**ordinary resolution**" which is a resolution passed by a simple majority (50% plus 1) of the votes cast by shareholders of the Corporation present at the Meeting and entitled to vote in person or by proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Class A Subordinate Voting Shares, Class B Multiple Voting Shares and Class C Preferences Shares of which, as of the date of this Information Circular, an aggregate of 1,165,344 Class A Subordinate Voting Shares and 918,215 Class B Multiple Voting Shares of the Corporation are issued and outstanding. Each Class A Subordinate Voting Share entitles the holder thereof to one (1) vote at all meetings of shareholders of the Corporation and each Class B Multiple Voting Share entitles the holder thereof to twenty (20) votes at all meetings of shareholders of the Corporation.

All holders of record of shares of the Corporation at the close of business on the Record Date will be entitled either to attend and vote at the Meeting in person the shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described above, to attend and vote thereat by proxy the shares held by them. However, if a holder of shares of the Corporation has transferred any shares after the Record Date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten (10) days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote such shares.

As of the date of this Information Circular, to the knowledge of the directors and senior officers of the Corporation, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over securities of the Corporation carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Corporation, save and except:

Name	No. of Shares Owned or Controlled	Percentage of Outstanding Shares
CDS&CO ⁽¹⁾	270,143 Class A 502,289 Class B	23.18% 54.70%
Michael B. Stein	61,010 Class A ⁽²⁾ 312,255 Class B ⁽²⁾	5.24% 34.01%

Notes:

1. CDS & Co. is a depository trust company for various Canadian brokerage firms.
2. Michael Stein entered an agreement to purchase an aggregate of 41,458 Class A Subordinated Voting Shares and 258,964 Class B Multiple Voting Shares (the "**Transferred Shares**") from Vikki Stein, his former spouse, and two wholly-owned companies of Vikki Stein on April 25, 2005, and paid the consideration. Due to the cease trade order in respect of the Corporation's shares that was in effect, the share transfer could not be completed at that time. Since the cease trade order was lifted on August 26, 2011, Mr. Stein is currently in the process of completing the transaction by having the Transferred Shares registered in his name.

ELECTION OF DIRECTORS

The number of directors to be elected at the Meeting is four (4). **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the election of the nominees whose names are set forth below.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto set out the name and municipality of residence of each person proposed to be nominated for election as a director, his current position and office with the Corporation, his present principal occupation or employment, the date on which he was first elected or appointed a director of the Corporation, and the approximate number of shares of the Corporation beneficially owned directly or indirectly or over which he exercises control or direction as at the date of this Information Circular:

Name, Current Position(s) with the Corporation and Municipality of Residence	Present Principal Occupation(s) If Different from Office Held	Director Since	Shares of the Corporation Beneficially Owned, Controlled or Directed ⁽¹⁾
Michael B. Stein President, Secretary and Director Thornhill, Ontario	Businessperson	July 12, 1989	61,010 Class A ⁽²⁾ 312,255 Class B ⁽²⁾⁽³⁾
Nicholas T. Hariton ⁽⁴⁾ Director Tarzana, California	Managing Director and General Counsel of Imaging Presentation Partners	July 8, 1992	3,750 Class A 30,000 Class B
Gabriel Nachman ⁽⁴⁾ Chief Financial Officer and Director Toronto, Ontario	Partner with PricewaterhouseCoopers LLP until 2008, currently retired	September 15, 2010	Nil
Barry Polisuk ⁽⁴⁾ Director Thornhill, Ontario	Lawyer-senior partner at Garfinkle Biderman LLP	September 15, 2010	Nil

Notes:

1. The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
2. Michael Stein entered an agreement to purchase an aggregate of 41,458 Class A Subordinated Voting Shares and 258,964 Class B Multiple Voting Shares (the "**Transferred Shares**") from Vikki Stein, his former spouse, and two wholly-owned companies of Vikki Stein on April 25, 2005, and paid the consideration. Due to the cease trade order in respect of the Corporation's shares that was in effect, the share transfer could not be completed at that time. Since the cease trade order was lifted on August 26, 2011, Mr. Stein is currently in the process of completing the transaction by having the Transferred Shares registered in his name.
3. Of these, 5,000 are held in a self-directed registered retirement savings plan.
4. Members of the Audit Committee of the Corporation are Messrs. Nachman (Chairman), Hariton and Polisuk.

Description of Each Director's Activities

MICHAEL B. STEIN (Thornhill, Ontario)

Michael Stein currently acts as a financial consultant and advises clients on various matters, including acquisitions, divestitures, corporate financings, re-organizations and restructurings. Mr. Stein was a former director and V.P. Corporate Affairs of Danbel Industries Corporation; Director, U.S. Money Markets for a federally chartered Canadian Trust Company and prior thereto a Senior Institutional Money Banker for a Savings & Loan Association in Long Beach, California. Mr. Stein majored in economics and graduated with a Bachelor of Arts from York University.

GABRIEL NACHMAN (Toronto, Ontario)

Gabriel (Gabe) Nachman FCA, ICD.D is a Fellow of the Institute of Chartered Accountants of Ontario and was awarded the ICD.D designation by the Institute of Corporate Directors in 2008. He practiced as a Chartered Accountant (CA) with PricewaterhouseCoopers and its legacy firm, Coopers & Lybrand as a partner for 29 years until his retirement in 2008. His area of practice was in the audit assurance and consulting fields, dealing with private and publicly traded companies primarily in the retail, franchise, wholesale distribution, real estate and entertainment and media industries. Gabe had partner responsibility for large publicly traded investment holding companies listed on Canadian and US stock exchanges. He acted for his clients on numerous public debt and equity offerings in Canada and the United States. Gabe is currently a member of the board of directors of Danbel Industries Inc., The Foundation Group LLC, The Academy of Canadian Cinema and Television, B'Nai Brith Canada and Portage Program For Drug Dependencies. He is the Treasurer of the Academy and Chair of its Audit Committee as well as Chair of the Audit Committees of Danbel Industries Inc and B'Nai Brith Canada.

BARRY POLISUK (Thornhill, Ontario)

Mr. Polisuk, a graduate of McGill University and University of Ottawa Law Schools, having obtained an LL.B. cum laude and a Quebec Civil Law Degree. Mr. Polisuk was called to the bar in 1988. He has been with Garfinkle, Biderman LLP since 1995 and became a partner in 1997. Mr. Polisuk is a corporate and commercial lawyer, focused on financings, corporate and commercial work, including securities. He has served on the boards of several publicly traded companies including, Richards Oil & Gas Limited (RIX:TSXV), Arehada Mining Limited (formerly Dragon Capital Corporation) (AHD:TSE) and iSign Media Solutions Inc. (formerly Corbal Capital Corp.) (ISD:TSXV) and he is currently the Corporate Secretary of Mooncor Oil & Gas Corp. (MOO:TSXV) and of Solid Gold Resources Corp. (SLD:TSXV) and Danbel Industries Corporation.

NICHOLAS HARITON (Tarzana, California)

Since graduating from the University of Southern California, Gould School of Law, Nicholas Hariton has held positions as a Finance director at a private London based finance company, attorney at O'Melveny & Myers LLP, General Counsel for a high tech start-up, and Managing Director and General Counsel of International Litigation Services, Inc.. Mr. Hariton served as the U.S. attorney for Applied Inventions Management Inc. early in

the company's history. Currently, Mr. Hariton is Managing Director and General Counsel of Imaging Presentation Partners ("**IPP**"). Mr. Hariton also serves as outside General Counsel for a Hispanic political consulting company. In addition to his other duties at IPP, Mr. Hariton is a Trial Consultant. He has had the exceptional opportunity of working with Fortune 100 companies and their outside counsel on a tactical level. Mr. Hariton has been a strategic member of some of the most interesting and significant large litigation in the past fifteen years, including the settled AMD v. Intel litigation and, most recently, in the successful defence of Abbott Laboratories in the billion dollar Novir Anti-Trust Class Action Litigation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

With the exception of the cease trade orders described below, to the knowledge of the Corporation, no director or executive officer of the Corporation:

1. is, as at the date of this Information Circular or has been, in the last ten (10) years, a director or executive officer of any company that, while that person was acting in that capacity;
 - (i) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than thirty (30) consecutive days; or
 - (ii) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under Canadian securities legislation, for a period of more than thirty (30) consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. has, or within ten (10) years before the date of this Information Circular, becomes bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Corporate Cease Trade Orders or Bankruptcies

On February 20, 2001, the Corporation received a cease trade order ("**CTO**") from the Ontario Securities Commission for failure to file financial statements within the prescribed time period. None of the proposed directors were a director or officer of the Corporation when the cease trade order was issued other than Michael Stein and Nicholas Hariton.

The Corporation has since filed its annual audited financial statements and management discussion and analysis for the years ended 2008, 2009 and 2010 and interim financial statements and management discussion and analysis for the periods ending November 30, 2010, February 28, 2011 and May 31, 2011. The Corporation has not filed its outstanding continuous disclosure documents for periods prior to the Corporation's financial year ended August 31, 2008, or the interim financial statements and related management discussion and analysis for the periods ended August 31, 2002 through May 31, 2008 (the "**Outstanding Filings**") because the Corporation believes that the Outstanding Filings would not provide useful information concerning the present or future operations or financial circumstances of the Corporation because the Corporation was inactive during this period. On August 26, 2011, the Ontario Securities Commission issued an order revoking the CTO.

Michael B. Stein was a director of Danbel Industries Corporation ("**Danbel**") from 1997 to 2006. Gabriel Nachman and Barry Polisuk became directors of Danbel on September 15, 2010. Danbel was subject to a cease trade order from the Ontario Securities Commission on May 23, 2002 for failure to file financial statements within the

prescribed time period. On May 24, 2002, Danbel also received a cease trade order from the Alberta Securities Commission and on June 2, 2006 from the British Columbia Securities Commission for failure to file financial statements within the prescribed time period. The cease trade orders were revoked by all securities commissions in early 2011 upon Danbel filing its outstanding financial statements.

APPOINTMENT OF AUDITORS

Shareholders of the Corporation will be asked at the Meeting to reappoint Collins Barrow Toronto LLP, 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7 as the Corporation's auditors to hold office until the close of the next annual meeting of shareholders of the Corporation, and to authorize the directors of the Corporation to fix the auditors' remuneration. **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the said reappointment of Collins Barrow LLP as the auditors of the Corporation and FOR authorizing the directors to fix the remuneration of the auditors.**

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6 – *Statement of Executive Compensation*, is set forth below, which contains information about the compensation paid to, or earned by, the Corporation's Chief Executive Officer and Chief Financial Officer and each of the other three (3) most highly compensated executive officers of the Corporation earning more than CDN\$150,000 in total compensation as at August 31, 2011 (the "**Named Executive Officers**" or "**NEOs**") during the Corporation's last three (3) most recently completed financial years. Based on the foregoing, Michael B. Stein, President, Secretary and a director of the Corporation and Gabriel Nachman, Chief Financial Officer of the Corporation are the Corporation's only Named Executive Officers as at August 31, 2011.

The Corporation has been inactive since 2002 and is currently in the process of reorganizing its affairs. It has no current business and no compensation has been paid by the Corporation to any of its officers or directors in the past three (3) years. As such, the Corporation has not yet determined the compensation to be paid to officers and directors going forward or developed a new compensation program and policy. The Corporation expects to develop a new compensation program and policy over the next twelve (12) months.

Executive Summary Compensation Table

For the past three (3) fiscal years, no compensation has been paid to any officer of the Corporation.

Executive Incentive Plan Awards

For the past three (3) fiscal years, no option-based awards or share-based awards were granted to any officer of the Corporation.

As of the date of this Information Circular, no stock options are currently outstanding under the Corporation's Option Plan (as described below).

Director Compensation Summary

For the past three (3) fiscal years, no compensation has been paid to any director of the Corporation and no option-based awards or share-based awards were granted to any director of the Corporation.

Employment agreements and deferred management fees

Since the Corporation ceased operations in 2002, it has been dependent upon Michael B. Stein, one of its shareholders who is an officer and director of the Corporation, to provide financing for ongoing administrative expenses and cost of reorganizing the affairs of the Corporation.

As at August 31, 2011, an aggregate amount of \$381,425 was payable to Mr. Stein (the "**Shareholder Advances**"). The Shareholder Advances include \$343,154 advanced for unpaid management fees and expenses paid on behalf of the Corporation which bears no interest and \$38,271 advanced for unpaid management fees and expenses paid on behalf of the Corporation which bears interest at a rate of ten percent (10%) per annum. The Shareholder Advances are secured by a general security agreement and have no specific terms of repayment. The Corporation has also accrued \$10,000 in unpaid consulting fees to a company in which Michael Stein is a principal shareholder and officer. The Corporation also continues to be indebted to Mr. Stein for \$35,028 on the demand debenture (the "**Debenture**") consisting of principal plus interest, as at August 31, 2011. The Debenture bears interest at ten percent (10%) per annum, matured on November 5, 1998 and is secured by a general security agreement. The Debenture is in default and the conversion features which previously existed have lapsed.

Termination and Change of Control Benefits

The Corporation has no termination or change of control obligations.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Corporation has carefully considered the Corporate Governance Guidelines (the "**Guidelines**") adopted by the Toronto Stock Exchange ("**TSX**"), as well as those proposed by the TSX but not yet in force, and has deemed it to be in the best interests of shareholders to promote best corporate governance practices. Although there is no requirement for the Corporation to comply with the Guidelines, the Corporation considers the Guidelines to be an important guide for providing effective corporate governance and intends to continue its efforts to implement many of the Guidelines over the current fiscal period.

Corporate Governance Disclosure

The information required to be disclosed by National Policy 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as **Schedule "A"**.

The Corporation has established an Audit Committee in compliance with the Guidelines. The Audit Committee assists the Board of Directors in its oversight of: (i) the integrity of the financial reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Messrs. Nachman (Chairman), Hariton and Polisuk, Messrs. Hariton and Polisuk being independent directors as defined in the Guidelines. Members of the Audit Committee do not receive compensation for sitting on the committee or attending meetings of the committee.

The charter of the Audit Committee and other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as **Schedule "B"**.

Compensation of Directors

Compensation paid to the Corporation's directors has previously been disclosed above.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER
EQUITY COMPENSATION PLANS**

The following table sets out information as of the date of this Information Circular with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information			
Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders ⁽¹⁾	Nil	N/A	116,531 Class A Shares 91,821 Class B Shares
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	N/A	116,531 Class A Shares 91,821 Class B Shares

Notes:

- The only equity compensation plan currently in place is the Corporation's Option Plan, which is described below. The Option Plan provides that maximum number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares reserved for issuance and which will be available for purchase pursuant to options granted under the Option Plan will not exceed that number which represents ten percent (10%) of the issued and outstanding Class A Subordinate Voting Shares and that number which represents ten percent (10%) of the issued and outstanding Class B Multiple Voting Shares, respectively, as at the date of grant.

Indebtedness of Directors, Executive Officers and Senior Officers

During the fiscal year ended August 31, 2011, no loans were made by the Corporation to any senior officer, director or proposed nominee for election as a director or any key employee of the Corporation, or any of their respective associates, for any reason whatsoever.

Related-Party Transactions

During the financial year ended August 31, 2011, consulting fees of \$5,000 in the aggregate were earned by a company in which Michael Stein is a principal shareholder and officer, for services provided to the Corporation other than in his capacity as a director or officer. As at the date hereof, these fees remain unpaid. Also during the financial year ended August 31, 2011, legal fees and disbursements of \$36,767 were invoiced by Garfinkle Biderman LLP, a law firm in which Barry Polisuk, a director of the Corporation, is a partner. Except as otherwise described herein and the Corporation's audited financial statements for the year ended August 31, 2011, no other related party transactions were completed by the Corporation during its financial year ended August 31, 2011.

Interest of Insiders in Material Transactions

No insider of the Corporation, or associate or affiliate of the Corporation, has any material interest, direct or indirect, in any transaction completed during the Corporation's last fiscal year ended August 31, 2011 or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation other than as

disclosed in "**Executive Compensation**" or "**Related Party Transactions**" above or in the audited financial statements of the Corporation for the year ended August 31, 2011, a copy of which accompanies this Information Circular.

Interests of Certain Persons in Matters to Be Acted Upon

No person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

MANAGEMENT CONTRACTS

No management functions of the Corporation are to any substantial degree performed by any other person or company other than by the directors or executive officers of the Corporation.

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

Accompanying these materials is the audited consolidated financial statements of the Corporation, together with the auditors' report thereon and management discussion and analysis for the fiscal period ended August 31, 2011. The directors will lay before the Meeting the said audited financial statements and auditors' report thereon, receipt of which by the Meeting will not constitute approval or disapproval of any matters referred to therein.

**PARTICULAR MATTERS TO BE ACTED UPON
APPROVAL OF THE SHARE CONSOLIDATION**

As at the Record Date, the Corporation had an aggregate of 1,165,344 Class A Subordinate Voting Shares and 918,215 Class B Multiple Voting Shares (collectively, the "**Shares**") of the Corporation issued and outstanding. To reduce the issued and outstanding share capital of the Corporation, the Corporation proposes that, subject to obtaining all required regulatory and shareholder approvals, the Corporation's issued and outstanding Shares be consolidated on the basis of one (1) new Share in the capital of the Corporation for every ten (10) existing Shares or such lesser number of existing Shares as may be determined by the Board of Directors (the "**Share Consolidation**"). Following the Share Consolidation, there will be approximately 116,531 Class A Subordinate Voting Shares and 91,822 Class B Multiple Voting Shares issued and outstanding on the basis of a 1:10 consolidation ratio.

As soon as practicable after the Share Consolidation has been effected, the Corporation will make available to its shareholders at the offices of Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, the Corporation's transfer agent, letters of transmittal for use in transmitting existing share certificates to the transfer agent in exchange for new certificates representing the number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares to which such shareholders are entitled as a result of the Share Consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his, her or its existing share certificates. Until surrendered, each existing share certificate representing Class A Subordinate Voting Shares and Class B Multiple Voting Shares shall be deemed for all purposes to represent the number of new Class A Subordinate Voting Shares and new Class B Multiple Voting Shares (being one-tenth of the number represented by the old share certificate, on the basis of a 1:10 consolidation ratio, or such lesser number as may be determined by the Board of Directors, rounded to the nearest whole number as described below) to which the holder is entitled as a result of the Share Consolidation.

No fractional shares will be issued if, as a result of the Share Consolidation, a shareholder becomes entitled to a fraction of a new Class A Subordinate Voting Share or a new Class B Multiple Voting Share. In such circumstances, any fraction will be rounded to the nearest whole number (with a fraction of 0.5 and greater being rounded up and a fraction less than 0.5 being rounded down).

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution, in the form set out below (the "**Share Consolidation Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, authorizing the Corporation to effect the Share Consolidation.

The text of the Share Consolidation Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

The articles of the Corporation be amended to provide that:

1. the authorized capital of the Corporation is altered by consolidating all of the issued and outstanding Class A Subordinate Voting Shares and Class B Multiple Voting Shares in the capital of the Corporation (collectively, the "**Shares**") on the basis of one (1) new Share for every ten (10) existing Shares or such lesser number of existing Shares as may be determined by the board of directors of the Corporation and approved by applicable regulatory and exchange authorities, if any;
2. any fractional Share arising on the consolidation of the Shares shall be adjusted such that each fractional Share that is less than 0.5 of one (1) Share will be cancelled without any compensation therefore and each fractional Share that is at least 0.5 of one (1) Share will be adjusted upward to one (1) whole new Share;
3. notwithstanding the passage of this special resolution, the directors of the Corporation be and are hereby authorized and empowered to revoke this resolution at any time prior to the filing of such articles of amendment without further approval of or prior notice to the shareholders of the Corporation; and
4. any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing."

Even if the Share Consolidation Resolution is approved, the Board of Directors retains the discretion to revoke it at all times prior to filing articles of amendment without any further approval by or prior notice to the shareholders. The Board of Directors will only exercise such power in the event that it is, in the Board of Directors' opinion, in the best interests of the Corporation to do so.

Generally, registered shareholders have the right to vote separately as a class and to dissent in respect of a consolidation of shares under general corporate law. However, pursuant to the Corporation's Articles and in accordance with Sections 170(1) and 185(2) of the *Business Corporations Act* (Ontario), the shareholders of the Corporation are not entitled to vote separately as a class or entitled to dissent in the case of a consolidation of its shares.

As at the date hereof, the directors and executive officers of the Corporation as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 64,760 Class A Subordinate Voting Shares and 342,255 Class B Multiple Voting Shares, representing 5.6% and 37.3% of the issued and outstanding Class A Subordinate Voting Shares and Class B Multiple Voting Shares, respectively. The directors and executive officers of the Corporation intend to vote in favour of the special resolution approving the Share Consolidation.

The Board of Directors and Management recommend the adoption of the Share Consolidation Resolution. To be effective, the Share Consolidation Resolution must be approved by not less than two-thirds (2/3) of the votes cast in respect thereof by the shareholders represented at the Meeting in person or by proxy at the Meeting. **Unless a shareholder has specified in the enclosed form of proxy that the Shares represented by such proxy are to be voted against the Share Consolidation Resolution, proxies in favour of management will be voted for the Share Consolidation Resolution.**

APPROVAL OF THE NAME CHANGE

The name of a corporation must be changed to a name different from its previous name upon any consolidation of securities of a corporation. The change in the name of a corporation will permit the pre-consolidation and post-consolidation shares of a corporation to be readily differentiated. If the Share Consolidation is approved and implemented, the Corporation intends to change the name of the Corporation to "Applied Inventions Management Corp."

Accordingly, at the Meeting, the shareholders will be asked to consider and, if deemed advisable, to approve with or without variation, a special resolution to approve the name change (the "**Name Change Resolution**") of the Corporation to "Applied Inventions Management Corp." or such other name as may be approved by the Board of Directors and applicable regulatory and exchange authorities, in the following form:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the name of the Corporation be changed to "Applied Inventions Management Corp." or such other name as may be approved by the board of directors and applicable regulatory and exchange authorities (the "**Name Change**");
2. the Articles of the Corporation be amended to reflect the new name "Applied Inventions Management Corp." or such other name as may be approved by the board of directors and applicable regulatory and exchange authorities;
3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the Name Change and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing; and
4. the board of directors is authorized to revoke this resolution in its sole discretion without further approval of or prior notice to the shareholders at any time prior to the endorsement by the Director appointed under the *Business Corporations Act* (Ontario) of a certificate of amendment of articles in respect of the Name Change."

Even if the Name Change Resolution is approved, the Board of Directors retain the discretion to revoke it at all times prior to filing the articles of amendment without any further approval by or prior notice to the shareholders. The Board of Directors will only exercise such power in the event that it is, in the Board of Directors' opinion, in the best interests of the Corporation to do so.

The Board of Directors and Management recommend the adoption of the Name Change Resolution. In order to be effective, the Name Change Resolution requires the approval of not less than two-thirds (2/3) of the votes cast in respect thereof by the shareholders represented at the Meeting in person or by proxy. **Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the Name Change Resolution, proxies in favour of Management will be voted for the Name Change Resolution.**

ADOPTION OF NEW BY-LAWS

The Corporation proposes to repeal its existing By-law No. 1, governing the administration of the Corporation and to adopt, in substitution therefore, By-law No. 2. By-law No. 2 is attached hereto as **Schedule "C"**, which is substantially similar to By-law No. 1. The proposed adoption of By-law No. 2 is being completed to update the Corporation's by-laws in accordance with amendments made to the *Business Corporations Act* (Ontario) since the Corporation's original By-law No. 1 was enacted on July 12, 1989.

Section 116(2) of the OBCA provides that when directors resolve to make, amend or repeal any by-laws that regulate the business or affairs of a corporation, they must submit the by-laws, amendment or repeal of by-laws for approval by the shareholders at the next meeting of shareholders. At the Meeting, the shareholders will be asked to consider and, if thought fit, to confirm by ordinary resolution the repeal of By-law No. 1 and the adoption of By-law No. 2 (the "**By-law Resolution**").

At the Meeting, or any adjournment thereof, the shareholders will be asked to consider, and if thought fit, approve by ordinary resolution, the By-law Resolution in the following form:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the repeal, in its entirety, of By-law No. 1, and the approval and adoption, in substitution therefore, of By-law No. 2 to govern the administration of the Corporation;
2. the board of directors be authorized on behalf of the Corporation to make any change to the proposed By-Law No. 2 of the Corporation as may be required by regulatory authorities without further approval of the shareholders of the Corporation, in order to ensure adoption of such By-law;
3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, without further resolution of shareholders, approval is hereby given to the board of directors of the Corporation, in their sole discretion, to revoke this resolution at any time and to refrain from implementing By-law No. 2 of the Corporation; and
4. any one (1) director or officer of the Corporation be and is hereby authorized to make all such arrangements and do all acts and things, and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

The Board of Directors and Management recommend the adoption of the By-law Resolution. To be effective, the By-law Resolution must be approved by a majority of the votes cast by the shareholders who vote in person or by proxy at the Meeting. **Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the By-law Resolution, proxies in favour of Management will be voted for the By-law Resolution.**

APPROVAL OF STOCK OPTION PLAN

The Corporation proposes to repeal all existing stock option plans and adopt, in substitution therefore, the new stock option plan attached hereto as **Schedule "D"** (the "**Option Plan**"). As a result, shareholders will be asked at the Meeting to vote on a resolution (the "**Option Plan Resolution**") repealing all existing stock option plans of the Corporation and to adopt and approve the new Option Plan which was approved by the Board of Directors on October 12, 2011.

The Option Plan provides that maximum number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares reserved for issuance and which will be available for purchase pursuant to options granted under the Option Plan will not exceed that number which represents ten percent (10%) of the issued and outstanding Class A Subordinate Voting Shares and that number which represents ten percent (10%) of the issued and outstanding Class B Multiple Voting Shares, respectively, as at the date of grant.

The maximum number of Class A Subordinate Voting Shares or Class B Multiple Voting Shares reserved for issuance pursuant to options granted to insiders may not exceed ten percent (10%) of the Corporation's issued and outstanding Class A Subordinate Voting Shares or Class B Multiple Voting Shares, as the case may be. The grant to insiders of the Corporation, within any twelve (12) month period, of options reserving for issuance a number of Class A Subordinate Voting Shares or Class B Multiple Voting Shares may not exceed in the aggregate ten percent (10%) of the Corporation's issued and outstanding Class A Subordinate Voting Shares or Class B Multiple Voting

Shares, as the case may be. The grant to any one (1) insider of the Corporation, within any twelve (12) month period, options reserving for issuance a number of Class A Subordinate Voting Shares or Class B Multiple Voting Shares may not exceed in the aggregate five percent (5%) of the Corporation's issued and outstanding Class A Subordinate Voting Shares or Class B Multiple Voting Shares, as the case may be.

The Board of Directors determine the price per share and the number of shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options. The option price for any shares can not be less than the price permitted by any stock exchange on which the shares are then listed or other regulating body having jurisdiction. The Option Plan contains provisions for adjustment in the number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Class A Subordinate Voting Shares or Class B Multiple Voting Shares, or other relevant changes in the Corporation's capitalization.

Options may be exercisable for up to ten (10) years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options granted under the Option Plan do not require vesting provisions, although the Board of Directors may attach a vesting schedule to individual grants as it deems appropriate. Options under the Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other shares. Options must be exercised within ninety (90) days of termination of employment or cessation of his or her position with the Corporation, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within one (1) year of termination or cessation, subject to earlier expiry pursuant to the specified expiry date of the options. If any option expires or otherwise terminates after having been granted without having been exercised in full, the number of shares in respect of such expired or terminated option, as the case may be, will again be available for grant for the purposes of the Option Plan.

To date, no options to purchase Class A Subordinate Voting Shares or Class B Multiple Voting Shares have been issued under the Option Plan.

Shareholders will be asked at the Meeting to consider and, if thought advisable, approve by ordinary resolution, the repeal all existing stock option plans and adopt and approve, in substitution therefore, the new Option Plan, in the following form:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the repeal of all existing stock option plans of the Corporation and the adoption and approval, in substitution therefore, of the new Option Plan of the Corporation as described in this Information Circular, be and is hereby adopted and approved;
2. the Corporation shall be entitled to make such changes and amendments to the Option Plan if required by any stock exchange on which the shares are then listed or other regulating body having jurisdiction, to ensure compliance with applicable policies, without seeking any further approval of the Corporation's shareholders, unless required by the applicable stock exchange or regulatory body; and
3. any one (1) director or officer of the Corporation be and is hereby authorized to make all such arrangements and do all acts and things, and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

The Board of Directors and Management recommend the adoption of the Option Plan Resolution. To be effective, the Option Plan Resolution must be approved by a majority of the votes cast by the shareholders who vote in person or by proxy at the Meeting. **Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the Option Plan Resolution, proxies in favour of Management will be voted for the Option Plan Resolution.**

APPROVAL OF SHARES FOR DEBT

Subject to receiving disinterested shareholder approval as outlined below, the Corporation proposes to settle some of its outstanding debt through the issuance of shares in lieu of cash payments. As disclosed earlier in this Information Circular, the Corporation has been dependent upon Michael B. Stein, one of its shareholders who is an officer and director of the Corporation, to provide financing for ongoing administrative expenses since it ceased operations in 2002 and the cost of reorganizing the affairs of the Corporation.

As at August 31, 2011, Shareholder Advances in an aggregate amount of \$381,425 was payable to Mr. Stein. The Shareholder Advances include \$343,154 advanced for unpaid management fees and expenses paid on behalf of the Corporation which bears no interest and \$38,271 advanced for unpaid management fees and expenses paid on behalf of the Corporation which bears interest at a rate of ten percent (10%) per annum. The Shareholder Advances are secured by a general security agreement over the assets of the Corporation and have no specific terms of repayment. The Corporation has also accrued \$10,000 in unpaid consulting fees to a company in which Michael Stein is a principal shareholder and officer and continues to be indebted to Mr. Stein for \$35,028 in respect of the the demand Debenture. The Debenture bears interest at ten percent (10%) per annum, matured on November 5, 1998 and is secured by a general security agreement over the assets of the Corporation. The Debenture is in default and the conversion features which previously existed have lapsed. The aggregate amount of \$426,453 described above has been fully audited and appears in the Corporation's audited financial statements for the year-ended August 31, 2011 (the "**Outstanding Debt**").

Subsequent to the Corporation's financial year ended August 31, 2011, the Corporation has incurred an estimated additional \$30,000 in respect of legal, accounting and audit fees, transfer agent fees and printing and related costs associated with the upcoming Meeting (the "**Additional Outstanding Debt**"), which Mr. Stein has paid or will pay on behalf of the Corporation prior to the date of the Meeting. As at October 24, 2011, the total estimated amount owing to Mr. Stein is \$456,453 (the "**Total Outstanding Debt**"), representing the Outstanding Debt plus the Additional Outstanding Debt.

The Corporation has been inactive since 2002, has no current business and is currently in the process of reorganizing its affairs. The proposed debt settlement is being undertaken by the Corporation based on the following reasons: (i) a review of the current financial position of the Corporation based on historical as well as current financial operating statements; (ii) to properly position the Corporation to raise additional capital on a going-forward basis; and (iii) to conserve capital while global financial markets remain unsettled.

Following completion of the Share Consolidation, the Corporation intends to settle half of the Total Outstanding Debt through the issuance of up to 2,282,265 post-consolidated Class A Subordinate Voting Shares at a deemed price of \$0.10 per Class A Subordinate Voting Share and half of the Total Outstanding Debt through the issuance of up to 1,901,888 post-consolidated Class B Multiple Voting Shares at a deemed price of \$0.12 per Class B Multiple Voting Share (the "**Debt Settlement**"). Assuming the Share Consolidation is completed on the basis of one (1) new Share for every ten (10) existing Shares and the full amount of the Total Outstanding Debt is settled through the issuance of Shares, Mr. Stein will hold 2,288,366 post-consolidated Class A Subordinate Voting Shares (representing 95.4% of the issued and outstanding Class A Subordinate Voting Shares) and 1,933,114 Class B Multiple Voting Shares (representing 97.0% of the issued and outstanding Class B Multiple Voting Shares). The Corporation and Mr. Stein may agree to settle a lesser amount of the Total Outstanding Debt by issuing Shares.

After having considered all the factors in respect of the proposed Debt Settlement, it was approved unanimously by the directors of the Corporation, namely Messrs. Nachman, Hariton and Polisuk. Michael Stein, having declared his interest in the transaction, abstained from voting on the resolution passed by the board of directors approving the proposed Debt Settlement.

Shareholders will be asked at the Meeting to consider and, if thought advisable, approve the Debt Settlement by ordinary resolution of disinterested shareholders (the "**Shares for Debt Resolution**") in the following form:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. the issuance by the Corporation to Michael Stein of up to 2,282,265 post-consolidated Class A Subordinate Voting Shares at a deemed price of \$0.10 per Class A Subordinate Voting Share and up to an aggregate of 1,901,888 post-consolidated Class B Multiple Voting Shares at a deemed price of \$0.12 per Class B Multiple Voting Share in satisfaction of the indebtedness of the Corporation to Michael Stein in the aggregate amount of up to \$456,453 be and is hereby approved; and
2. any one (1) director or officer of the Corporation be and is hereby authorized to make all such arrangements and do all acts and things, and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

The Board of Directors and Management recommend the adoption of the Shares for Debt Resolution. To be effective, the Shares for Debt Resolution must be approved by a majority of the votes cast by disinterested shareholders who vote in person or by proxy at the Meeting. The Shares owned by Michael Stein will be excluded from voting on the Shares for Debt Resolution. **Unless a shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the Shares for Debt Resolution, proxies in favour of Management will be voted for the Shares for Debt Resolution.**

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no additional matters which are matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgement of the persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com. Readers can also access and view the public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.ca.

Shareholders may request copies of the Corporation's financial statements and Management Discussion and Analysis by contacting the Corporation at (416) 410-7722.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular to the shareholders of the Corporation have been approved by the Board of Directors. Unless otherwise specified, information contained in this Information Circular is given as of the 24th day of October, 2011.

DATED at Toronto, Ontario as of the 24th day of October, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS OF
APPLIED INVENTIONS MANAGEMENT INC.**

"Michael Stein"

Michael B. Stein
President and Director

SCHEDULE "A"

**FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required and hereby discloses its corporate governance practices as follows:

ITEM 1 - Board of Directors

The Board of Directors of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent discussions with management and regular meetings of the Board of Directors.

Messrs. Hariton and Polisuk are "independent" directors of the Corporation in that they are free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the directors' ability to act with the best interests of the Corporation, other than the interests and relationships arising from shareholdings.

Messrs. Michael B. Stein (President and Secretary), and Gabriel Nachman (Chief Financial Officer) are senior officers of the Corporation and are therefore not independent.

ITEM 2 - Directorships

The current directors of the Corporation are also currently directors of the following other reporting issuers:

NAME OF DIRECTOR	NAME OF REPORTING ISSUER	TERM
Michael B. Stein	Danbel Industries Corporation (not currently listed on a stock exchange)	September 1997 to May 2006
Gabriel Nachman	Danbel Industries Corporation (not currently listed on a stock exchange)	September 15, 2010 to Present
Barry Polisuk	Mercury Capital Limited. (MLC - TSXV) Danbel Industries Corporation (not currently listed on a stock exchange)	July 22, 2010 to Present September 15, 2010 to Present

ITEM 3 - Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, internal financial information and reports to ensure that they are familiar with the Corporation's business and the procedures of the Board of Directors. In addition, directors are encouraged to meet with management on a regular basis.

ITEM 4 - Ethical Business Conduct

The Board of Directors has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board of Directors the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

ITEM 5 - Nomination of Directors

The Board of Directors is responsible for identifying individuals believed to be qualified to become board members. In identifying candidates, the Board of Directors shall consider the following factors: judgment, skill, integrity, independence, diversity, experience with business and organizations of comparable size, the interplay of a candidate's experience with the experience of other Board of Directors' members, willingness to commit the necessary time and energy to serve as director, and a genuine interest in the Corporation's business, and the extent to which a candidate would be a desirable addition to the Board of Directors or any committees of the Board of Directors.

ITEM 6 - Compensation

The Board of Directors determine compensation payable to officers and directors of the Corporation. The Board of Directors will review compensation paid for directors and CEOs of companies of similar business, size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation.

ITEM 7 - Other Board Committees

Currently, the only committee of the Board of Directors is the Audit Committee. The Audit Committee assists the Board of Directors in its oversight of: (i) the integrity of the financing reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Messrs. Nachman (Chairman), Hariton and Polisuk, Messrs. Hariton and Polisuk being independent directors.

ITEM 8 - Assessments

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the Board of Directors and Committees.

SCHEDULE "B"

**FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE**

1. The Audit Committee's Charter

See Exhibit "1" attached hereto.

2. Composition of the Audit Committee

The current members of the Audit Committee (the "**Committee**") are Gabriel Nachman, Nicholas Hariton and Barry Polisuk, all being financially literate. Messrs. Hariton and Polisuk are independent members of the Committee.

"**Independent**" and "**financially literate**" have the meaning used in *Multilateral Instrument 52-110* ("**MI 52-110**") of the Canadian Securities Administrators.

3. Relevant Education and Experience

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Gabriel Nachman	No	Yes	Gabriel (Gabe) Nachman FCA, ICD.D is a Fellow of the Institute of Chartered Accountants of Ontario and was awarded the ICD.D designation by the Institute of Corporate Directors in 2008. He practiced as a Chartered Accountant (CA) with PricewaterhouseCoopers and its legacy firm, Coopers & Lybrand as a partner for 29 years until his retirement in 2008. His area of practice was in the audit assurance and consulting fields, dealing with private and publicly traded companies primarily in the retail, franchise, wholesale distribution, real estate and entertainment and media industries. Gabe had partner responsibility for large publicly traded investment holding companies listed on Canadian and US stock exchanges. He acted for his clients on numerous public debt and equity offerings in Canada and the United States. Gabe is currently a member of the board of directors of Danbel Industries Inc., The Foundation Group LLC, The Academy of Canadian Cinema and Television, B'Nai Brith Canada and Portage Program For Drug Dependencies. He is the Treasurer of the Academy and Chair of its Audit Committee as well as Chair of the Audit Committees of Danbel Industries Inc and B'Nai Brith Canada.

Nicholas Hariton	Yes	Yes	Nicholas Hariton has held positions as a Finance director at a private London based finance company, attorney at O'Melveny & Myers LLP, General Counsel for a high tech start-up, and Managing Director and General Counsel of International Litigation Services, Inc.. Currently, Mr. Hariton is Managing Director and General Counsel of Imaging Presentation Partners ("IPP"). Mr. Hariton also serves as outside General Counsel for a Hispanic political consulting company. In addition to his other duties at IPP, Mr. Hariton is a Trial Consultant. He has had the exceptional opportunity of working with Fortune 100 companies and their outside counsel on a tactical level.
Barry Polisuk	Yes	Yes	Mr. Polisuk, a graduate of McGill University and University of Ottawa Law Schools, has obtained an LL.B. cum laude and a Quebec Civil Law Degree. Mr. Polisuk was called to the bar in 1988. He has been with Garfinkle, Biderman LLP since 1995 and became a partner in 1997. Mr. Polisuk is a corporate and commercial lawyer, focused on financings, corporate and commercial work, including securities. He has served on the boards of several publicly traded companies including, Richards Oil & Gas Limited (RIX:TSXV), Arehada Mining Limited (formerly Dragon Capital Corporation) (AHD:TSE) and iSign Media Solutions Inc. (formerly Corbal Capital Corp.) (ISD:TSXV) and he is currently the Corporate Secretary of Mooncor Oil & Gas Corp. (MOO:TSXV) and of Solid Gold Resources Corp. (SLD:TSXV) and Danbel Industries Corporation.

4. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

5. Reliance on Certain Exemptions

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed five percent (5%) of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

6. Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the Audit Committee, on a case by case basis.

7. External Auditor Service Fees (By Category)

The aggregate fees charged to the Corporation by the external auditor (Collins Barrow LLP) for the years ended August 31, 2011 and August 31, 2010 are as follows:

	FYE 2011	FYE 2010
AUDIT FEES FOR THE YEAR ENDED	\$5,000	\$10,000
AUDIT RELATED FEES	\$0	\$0
TAX FEES	\$750	\$0
OTHER FEES	\$2,400	\$0
TOTAL FEES	\$8,150	\$10,000

The term "*Audit Fees*" means the aggregate fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year.

The term "*Audit-Related Fees*" means the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements for the subject year and are not reported under "Audit Fees".

The term "*Tax Fees*" means the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning for the subject year.

The term "*All Other Fees*" means the aggregate fees billed for products and services provided by the Corporation's external auditor for the subject year, other than the services reported under the categories of "Audit-Related Fees", "Tax Fees" and "All Other Fees".

8. Exemption

The Corporation is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Corporation, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

EXHIBIT "1"

**APPLIED INVENTIONS MANAGEMENT INC.
(the "Corporation")**

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

I. Purpose

The Audit Committee is a committee of the board of directors (the "**Board**") of the Corporation. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Corporation, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Corporation to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Corporation's external auditor;
- (c) recommending the appointment and compensation of the Corporation's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Corporation's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

II. Composition

1. The Audit Committee shall have a minimum of three (3) members.
2. Every Audit Committee member must be a director of the Corporation. The Audit Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Corporation or any of its affiliates.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.
5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

III. Duties and Responsibilities

1. The Audit Committee shall review and recommend to the Board for approval:
 - (a) the Corporation's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
 - (b) press releases of the Corporation that contain financial information;
 - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit;
 - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form - when applicable) prior to their release; and
 - (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.
2. The Audit Committee, in fulfilling its mandate, will:
 - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
 - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
 - (c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
 - (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
 - (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
 - (f) review the annual audit plans of the internal and external auditors of the Corporation;

- (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
 - (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;
 - (i) periodically consult with the external auditor out of the presence of management about significant risks or exposure, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
 - (j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
 - (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
 - (l) review with management and the external auditor the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
 - (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
 - (n) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
 - (o) review the expenses of the Chairman and President of the Corporation annually;
 - (p) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters; and
 - (q) perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Corporation's internal and external counsel and advisors.

IV. Meeting Procedures

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four (4) times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Corporation is a "venture issuer" (as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*)) following the end of the first three (3) financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Corporation is a

“venture issuer”) following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.
3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation’s interim financial statements.
5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Corporation.

SCHEDULE "C"

APPLIED INVENTIONS MANAGEMENT INC.

BY-LAW NO. 2

A by-law relating generally to the
transaction of the business and affairs of

APPLIED INVENTIONS MANAGEMENT INC.

(herein called the "**Corporation**")

CONTENTS

1. Interpretation
2. Business of the Corporation
3. Directors
4. Committees
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12. Notices
13. Borrowing Powers of the Directors
14. Business of the Corporation

BE IT ENACTED as a by-law of the Corporation as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (a) "**Act**" means the *Business Corporations Act* (Ontario) and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- (b) "**appoint**" includes "elect" and vice versa;
- (c) "**board**" means the board of directors of the Corporation;
- (d) "**by-laws**" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (e) "**meeting of shareholders**" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

- (f) "**non-business day**" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);
- (g) "**recorded address**" means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the board his latest address as recorded in the records of the Corporation;
- (h) "**signing officer**" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.2 or by a resolution passed pursuant thereto;
- (i) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act; and
- (j) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders; and the word "person" shall include, individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

ARTICLE 2 BUSINESS OF THE CORPORATION

2.1 Financial Year

The financial year of the Corporation shall be as determined by the board from time to time.

2.2 Execution of Instruments

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any two officers or directors and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation may when required be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by resolution of the board.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chairman of the Board (if any), the Vice-Chairman of the Board, the Chief Executive Officer, the President, any Executive Vice-President, or any Vice-President together with any one of the Secretary, the Chief Financial Officer, the Treasurer, an Assistant Secretary, an Assistant Treasurer or any one of the foregoing officers together with any one director of the Corporation and/or any other officer or officers, person or persons, appointed as aforesaid by resolution of the board may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation on which the signature or signatures of any of the foregoing

officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation.

2.3 Banking Arrangements

The banking business of the Corporation, or any part thereof, including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time by resolution prescribe or authorize.

2.4 Custody of Securities

All shares and securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the board, with such other depositaries or in such other manner as may be determined from time to time by resolution of the board.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

2.5 Voting Shares and Securities in other Companies

All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the board shall from time to time by resolution determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the board.

ARTICLE 3 DIRECTORS

3.1 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. Notwithstanding the above, the Corporation shall not have fewer than three directors, one-third of which may not be officers or employees of the Corporation. At least one quarter (or such other percentage as may be specified in the Act, from time to time) of the board of directors shall be resident Canadians. The quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors or minimum number of directors required by the articles, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.

3.2 Qualification

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder.

3.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

3.4 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

3.5 Vacancy of Office

A director ceases to hold office when: (i) he dies; (ii) he is removed from office by the shareholders; (iii) he ceases to be qualified for election as a director; or (iv) his written resignation is received by the Corporation provided if a time subsequent to its date of receipt by the Corporation is specified in such written resignation the resignation shall become effective at the time so specified.

3.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

3.7 Action by the Board

The board shall manage or supervise the management of the business and affairs of the Corporation. The powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.8 Meeting by Telephone

If all the directors of the Corporation present or participating in the meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it

relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

3.9 Place of Meetings

Meetings of the board may be held at any place within or outside Ontario.

3.10 Calling of Meetings

Subject to the Act, meetings of the board shall be held from time to time on such day and at such time and at such place as the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors may determine and the Secretary, when directed by the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors shall convene a meeting of the board.

3.11 Notice of Meeting

Notice of the date, time and place of each meeting of the board shall be given in the manner provided in paragraph 12.1 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the board. Attendance of a director at such a meeting is a waiver of notice of meeting except where the attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

3.12 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may without notice hold, its first meeting immediately following the meeting of shareholders at which such board is elected.

3.13 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.14 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

3.15 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

3.16 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

3.17 Conflict of Interest

A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of the meetings of the directors the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders, and a director interested in a contract so referred to the board shall not vote on any resolution to approve the same except as permitted by the Act.

3.18 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the shareholders or of the board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefore.

**ARTICLE 4
COMMITTEES**

4.1 Committee of Directors

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

4.2 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

4.3 Audit Committee

The board shall elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates, subject to the restrictions imposed by applicable legislation. The audit committee shall have the powers and duties provided in the Act, and such other applicable legislation.

4.4 Advisory Committees

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

4.5 Procedure

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

**ARTICLE 5
OFFICERS****5.1 Appointment**

The Chairman of the Board may, but need not be, an officer of the Corporation. The board may from time to time appoint a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Chief Financial Officer, a Treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers' powers to manage the business and affairs of the Corporation. An officer may but need not be a director and one person may hold more than one office. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

5.2 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the board and committees of the board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the board. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the Chief Executive Officer. The board of directors may determine that the chairman of the board shall not be an officer of the Corporation and shall act solely in a non-executive capacity. A non-executive Chairman of the Board shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws and the board of directors.

5.3 President

The President shall, and unless and until the board designates any other officer of the Corporation to be the Chief Executive Officer of the Corporation, be the Chief Executive Officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

5.4 Vice-President

Each Vice-President shall have such powers and duties as the board or the President may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the board and that a Vice-President who is not a director and shareholder shall not preside as chairman at any meeting of shareholders.

5.5 Secretary

The Secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board may specify.

5.6 Treasurer

The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify. Unless and until the board designates any other officer of the Corporation to be the Chief Financial Officer of the Corporation, the Treasurer shall be the Chief Financial Officer of the Corporation.

5.7 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

5.8 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

5.9 Term of Office

The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until the earlier of his resignation or death.

5.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

5.11 Conflict of Interest

An officer shall disclose his interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with paragraph 3.17.

5.12 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

5.13 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

ARTICLE 6
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.1 Submission of Contracts or Transactions to Shareholders for Approval

The board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

6.2 For the Protection of Directors and Officers

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby. Subject to the provisions of the Act and to paragraph 3.17, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

6.3 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

6.4 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) he acted honestly and in good faith with a view to the best interest of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires.

6.5 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.4 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

ARTICLE 7 SHARES

7.1 Allotment

The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

7.2 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

7.3 Registration of Transfers

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an 'appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

7.4 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

7.5 Non-recognition of Trusts

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to

exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

7.6 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with paragraph 2.2 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

7.7 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$5.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or any duly appointed transfer agent may from time to time prescribe, whether generally or in any particular case.

7.8 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

7.9 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

ARTICLE 8 DIVIDENDS AND RIGHTS

8.1 Dividends

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

8.2 Dividend Cheques

A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

8.3 Non-receipt of Payment

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.4 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date -for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

8.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE 9 MEETINGS OF SHAREHOLDERS

9.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any), The Chief Executive Officer, or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

9.2 Special Meetings

The board, the Chairman of the Board (if any) or the President shall have power to call a special meeting of shareholders at any time.

9.3 Place of Meetings

Meetings of shareholders shall be held at such place in or outside Ontario as the board shall so determine.

9.4 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 12.1 not less than 21 days nor more than 50 days before the date of the meeting or as otherwise prescribed by applicable laws, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

9.5 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 9.6, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

9.6 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, or as otherwise prescribed by applicable laws, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange on which its shares are traded. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

9.7 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held, and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

9.8 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chief Executive Officer, the President or a Vice-President who is a director and a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

9.9 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

9.10 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than ten percent (10%) of the issued shares of the Corporation enjoying voting rights at such meeting.

9.11 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 9.5, every person who is named in such list shall be entitled to vote the shares shown opposite his name. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 9.5, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

9.12 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney authorized in writing and shall conform with the requirements of the Act.

9.13 Time for Deposit of Proxies

The board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

9.14 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

9.15 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

9.16 Show of Hands

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

9.17 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

9.18 Adjournment

The chairman at the meeting of shareholders may with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned, If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

9.19 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

ARTICLE 10 INFORMATION AVAILABLE TO SHAREHOLDERS

10.1 Information Available to Shareholders

Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

10.2 Directors' Determination

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers

and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders in general meeting.

ARTICLE 11 DIVISIONS AND DEPARTMENTS

11.1 Creation and Consolidation of Divisions

The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations or any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

11.2 Name of Division

Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

11.3 Officers of Division

From time to time the board or, if authorized by the board, the Chief Executive Officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or, if authorized by the board, the Chief Executive Officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

ARTICLE 12 NOTICES

12.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

12.2 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

12.3 Proof of Service

A certificate of the Chairman of the Board (if any), the President, a Vice- President, the Secretary or the Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

12.4 Notice to Joint Shareholders

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

12.5 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

12.6 Undelivered Notices

If any notice given to a shareholder pursuant to paragraph 12.1 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

12.7 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise found thereon.

12.8 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.

12.9 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall, have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

12.10 Waiver of Notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

**ARTICLE 13
BORROWING POWERS OF THE DIRECTORS**

13.1 Borrowing Power

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the provisions of the Act, the board may from time to time, without authorization of the shareholders:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) give guarantees on behalf of the Corporation to secure performance of an obligation of any person;
and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

13.2 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof and as to the securities to be given therefor, with power to vary or modify such arrangements, terms and conditions and to give such additional debt obligations for any monies borrowed or remaining due by the Corporation as the directors of the Corporation may authorize and generally to manage, transact and settle the borrowing of money by the Corporation.

13.3 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to sign, execute and give on behalf of the Corporation all documents, agreements and promises necessary or desirable for the purposes aforesaid and to draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments and the same and all renewals thereof or substitutions therefor so signed shall be binding upon the Corporation.

13.4 The words “**debt obligations**” as used in this Section 13 mean bonds, debentures, notes or other similar obligations or guarantees of such an obligation, whether secured or unsecured.

**ARTICLE 14
BUSINESS OF THE CORPORATION**

14.1 Registered Office

The registered office of the Corporation shall be in the municipality or geographic township specified in its Articles, and at such place therein as the directors of the Corporation may from time to time by resolution determine.

14.2 Corporate Seal

The corporate seal of the Corporation, if any, shall be such seal as the directors of the Corporation may from time to time by resolution adopt.

14.3 Banking Arrangements

The banking business of the Corporation or any part thereof shall be transacted with such chartered banks, trust companies or other financial institutions as the board may by resolution from time to time determine.

Cheques on the bank accounts, drafts drawn or accepted by the Corporation, promissory notes given by it, acceptances, bills of exchange, orders for the payment of money and other instruments of a like nature may be made, signed, drawn, accepted or endorsed, as the case may be, by such officer or officers, person or persons as the board of directors may by resolution from time to time name for that purpose.

Cheques, promissory notes, bills of exchange, orders for the payment of money and other negotiable paper may be endorsed for deposit to the credit of the Corporation's bank account by such officer or officers, person or persons, as the board of directors may by resolution from time to time name for that purpose, or they may be endorsed for such deposit by means of a stamp bearing the Corporation's name.

14.4 Execution of Instruments

Any instruments in writing may be signed in the name of and on behalf of the Corporation by two persons, one of whom holds the office of Chairman of the Board, Chief Executive Officer, President, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary, Chief Financial Officer or Treasurer and any instrument in writing so signed shall be binding upon the Corporation without any further authorization or formality. In the event that the Corporation has only one officer and director, that person alone may sign any instruments in writing in the name of and on behalf of the Corporation. The board of directors shall have power from time to time by resolution to appoint any one officer or director or any other officer or officers or any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing. The corporate seal, if any, may be affixed to any instruments in writing on the authority of any of the persons named in this section.

The term "**instruments in writing**" as used herein shall, without limiting the generality thereof, include contracts, documents, deeds, mortgages, hypothecs, charges, security interests, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, tenders, releases, proxies, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, stocks, bonds, debentures or other securities and all paper writings.

14.5 Investments

In particular, without limiting the generality of the foregoing, execution as provided in Section 14.4 hereof shall be adequate to sell, assign, transfer, exchange, convert or convey any securities, rights and warrants.

14.6 Voting Securities in Other Companies

All securities carrying voting rights in any other body corporate held from time to time by the Corporation may be voted at all meetings of holders of such securities in such manner and by such person or persons as the board of the Corporation from time to time determines. In the absence of action by the board, the proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation instruments of proxy and arrange for the issuance of voting certificates and other evidence of right to vote in such names as they may determine.

14.7 Solicitors

Either the Chief Executive Officer, President or Chief Financial Officer shall have power from time to time to instruct solicitors to institute or defend actions or other legal proceedings for the Corporation without any specific resolution or retainer or instructions from the board provided, however, that the board may give instructions superseding or varying such instructions.

14.8 Custody of Securities

The directors may from time to time by resolution provide for the deposit and custody of securities of the Corporation.

All share certificates, bonds, debentures, debenture stock certificates, notes or other obligations or securities belonging to the Corporation, may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and may be endorsed in blank with endorsement guaranteed in order to enable transfers to be completed and registration to be effected.

14.9 Charging Assets

The board may from time to time charge, hypothecate, mortgage or pledge any or all of the assets of the Corporation not only by means of bonds and debentures by way of fixed charge or charges or by way of floating charge or charges, but also by any other instrument or instruments for the purposes of securing any past or existing or new or future liability direct or indirect of the Corporation or for the purpose of securing any bonds, debentures or other securities or liabilities of the Corporation or of any other body corporate.

14.10 Invalidity of Any Provisions of this By-Law

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

14.11 Fiscal Year

The fiscal year of the Corporation shall terminate on such day in each year as is from time to time established by the board of directors.

ENACTED this 12th day of October, 2011.

"Michael Stein"

Michael B. Stein
President, Secretary and a Director

"Gabriel Nachman"

Gabriel Nachman
Chief Financial Officer

SCHEDULE "D"

APPLIED INVENTIONS MANAGEMENT INC.

STOCK OPTION PLAN

1. INTERPRETATION

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "**Affiliate**" a company is an "affiliate" of another company if: one of them is the subsidiary of the other or each of them is controlled by the same Person.
- (b) "**Associate**" has the meaning ascribed to it in Section 1(1) of the *Securities Act* (Ontario).
- (c) "**Board**" means the board of directors of the Company.
- (d) "**Class A Shares**" means the Class A Subordinate Voting Shares in the capital of Company.
- (e) "**Class B Shares**" means the Class B Multiple Voting Shares in the capital of Company.
- (f) "**Company**" means Applied Inventions Management Inc.
- (g) "**Consultant**" means, in relation to the Company, an individual or Consultant Company, other than an employee or a director of the Company, that:
 - (i) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
 - (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 an Affiliate of the Company; and
 - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (h) "**Consultant Company**" means for an individual consultant, an issuer or partnership of which the individual is an employee, shareholder or partner.
- (i) "**Effective Date**" means October 12, 2011.
- (j) "**Eligible Person**" means, subject to all applicable laws:
 - (i) any Consultant, Employee or Executive of the Company or its Affiliate or, if permitted by the stock exchange on which the Shares are then listed, a RRSP or a RRIF established by or for such Person or under which such Person is the beneficiary; or

- (ii) if permitted by the stock exchange on which the Shares are then listed, any subsidiary entity of any Employee or Executive; or
 - (iii) any Consultant Company.
- (k) **"Employee"** means an individual who:
- (i) is considered an employee of the Company or a Subsidiary of the Company under the *Income Tax Act* (Canada) (i.e., for whom income tax, employment insurance and CPP deductions must be made at source); or
 - (ii) works full-time for the Company or a Subsidiary of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary of 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; or
 - (iii) works for the Company or a Subsidiary of the Company 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 or a Subsidiary of 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.
- (l) **"Exchange"** means TSX Venture Exchange.
- (m) **"Executive"** means a director, senior officer or Management Company Employee of the Company or a subsidiary of the Company.
- (n) **"Fundamental Change"** means:
- (i) a transaction or series of transactions in or pursuant to which, directly or indirectly, the Company (or any successor company) shall merge, consolidate or amalgamate with or into or enter into an arrangement with, any other person where all or part of the outstanding voting securities of the Company (or any successor corporation) are changed in any way, reclassified or converted into or exchanged for shares or other securities or cash or any other property (other than pursuant to an internal corporate reorganization);
 - (ii) a transaction or series of transactions in which, directly or indirectly, the Company (or any successor corporation) shall sell or otherwise transfer or dispose of all or substantially all of their respective businesses, operations, properties and/or assets; and/or
 - (iii) any change in Beneficial Ownership, direct or indirect, of voting securities of the Company (or any successor company) which occurs which results in a Person beneficially owning greater than fifty percent (50%) of the voting securities of the Company calculated on a Partially Diluted Basis;

for the purpose of the definition of Fundamental Change, a Person shall be deemed to be the "Beneficial Owner" and to have "Beneficial Ownership" of, and to "Beneficially Own" any securities which it or any Person Acting Jointly or in Concert with it is or may be deemed to be the beneficial owner of pursuant to Section 90 of the *Securities Act* (Ontario) (or, pursuant to any comparable or successor laws or regulations or, if the said section shall be rescinded and there shall be no comparable or successor laws or regulations, pursuant to Section 90 of the *Securities Act* (Ontario) as in effect on the date of this Agreement) and for the purposes of calculating the number of securities Beneficially Owned by a Person on a "Partially Diluted Basis", if a Person is

deemed to be the Beneficial Owner of unissued securities pursuant to this subsection, such securities shall be deemed to be outstanding.

- (o) **"Insider"** means:
 - (i) a director or senior officer of the Company;
 - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company;
 - (iii) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than ten percent (10%) of the voting rights attached to all outstanding voting shares of the Company; or
 - (iv) the Company itself if it holds any of its own securities.
- (p) **"Investor Relations Activities"** has the meaning ascribed thereto in Policy 1.1 of the Exchange Corporate Finance Manual.
- (q) **"Management Company Employee"** means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities.
- (r) **"Option"** means an option to purchase Shares granted to an Eligible Person pursuant to the terms of the Plan.
- (s) **"Participant"** means Eligible Persons to whom Options have been granted.
- (t) **"Person"** means an individual or a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (u) **"Plan"** means this stock option plan of the Company, as amended and supplement as herein provided.
- (v) **"Related Person"** has the meaning ascribed to in Multilateral Instrument 61-101.
- (w) **"Shares"** means collectively the Class A Shares and the Class B Shares.
- (x) **"Share Compensation Arrangement"** means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Company involving the issuance or potential issuance of Shares to one or more Executives, Employees or Consultants, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise.
- (y) **"Subsidiary"** means a subsidiary as defined in the *Business Corporations Act* (Ontario).

Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed or attributed to such terms in National Instrument 45-106 – Prospectus and Registration Exemption. For greater certainty, the issuer in connection with such terms shall be the Company.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

2. PURPOSE

The purpose of this Plan is to encourage ownership of the Shares by Executives, Employees of the Company and Consultants who are primarily responsible for the management and profitable growth of the business of the Company and to advance the interests of the Company by providing additional incentive for superior performance by such Persons and to enable the Company to attract and retain valued Executives, Employees and Consultants.

3. ADMINISTRATION

The Plan shall be administered by the Board which, subject to the limitations of the Plan, shall have the authority:

- (a) to grant options to purchase Shares to Eligible Persons;
- (b) to determine the terms, limitations, restrictions and conditions respecting such grants;
- (c) to interpret the Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
- (d) to make all other determinations and to take all other actions in connection with the implementation and administration of the Plan as it may deem necessary or advisable.

The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Company and all other Persons.

4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided for in **Section 7** of this Plan and any subsequent amendment to this Plan, the number of Class A Shares and Class B Shares reserved for issuance and which will be available for purchase pursuant to Options granted under this Plan will not exceed that number which represents ten percent (10%) of the issued and outstanding Class A Shares and that number which represents ten percent (10%) of the issued and outstanding Class B Shares, respectively, as at the date of grant. If any Option granted under this Plan is exercised, expires or otherwise terminates for any reason without having been exercised in full, the number of Class A Shares or Class B Shares in respect of such exercised, expired or terminated Option, as the case may be, will again be available for issuance under and for the purposes of this Plan.

However, in no case will the grant of Options under this Plan, together with any proposed or previously existing Share Compensation Arrangement, result in (in each case, as determined on the date of grant):

- (a) the number of Class A Shares or Class B Shares reserved for issuance pursuant to Options granted to Insiders exceeding ten percent (10%) of the Company's issued and outstanding Class A Shares or Class B Shares, as the case may be (on a non-diluted basis);
- (b) the grant to Insiders, within any twelve (12) month period, of Options reserving for issuance a number of Class A Shares or Class B Shares, exceeding in the aggregate ten percent (10%) of the Company's issued and outstanding Class A Shares or Class B Shares, as the case may be (on a non-diluted basis);
- (c) the grant to any one (1) Insider, and such Insider's associates, within any twelve (12) month period, Options reserving for issuance a number of Class A Shares or Class B Shares, exceeding in the aggregate five percent (5%) of the Company's issued and outstanding Class A Shares or Class B Shares, as the case may be (on a non-diluted basis);

- (d) the number of Class A Shares or Class B Shares reserved for issuance pursuant to Options granted to any one (1) Participant, exceeding in the aggregate five percent (5%) of the Company's issued and outstanding Class A Shares or Class B Shares, as the case may be (on a non-diluted basis); or
- (e) if the Company's shares are listed on the Exchange, then in accordance with the policies of the Exchange:
 - (i) the maximum number of Class A Shares or Class B Shares which may be reserved for issuance in any twelve (12) month period to Participants engaged in Investor Relations Activities under the Plan, shall not, in the aggregate, exceed two percent (2%) of the issued and outstanding Class A Shares or Class B Shares, as the case may be, at the time of granting; and
 - (ii) the maximum number of Class A Shares or Class B Shares which may be reserved for issuance in a twelve (12) month period to Consultants under the Plan, shall not, in the aggregate, exceed two percent (2%) of the issued and outstanding Class A Shares or Class B Shares, as the case may be, at the time of granting.

5. PARTICIPATION

Options shall be granted under the Plan only to Eligible Persons designated from time to time by the Board and shall, if required, be subject to the approval of such shareholders as may be required pursuant to the policies of the relevant stock exchange on which the Shares are then listed and such regulatory authorities as may have jurisdiction. It shall be a condition of the grant of any Option and the issuance of any Shares upon the exercise thereof that the participation of any Employee, Management Company Employee, Executive or Consultant in the grant of such Option and the issuance of any Shares upon the exercise thereof be voluntary.

6. TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of each Option shall include the following, as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Board including those contained in any stock option agreement entered into between the Company and a Participant:

- (a) *Option Price:* The option price of any Shares in respect of which an Option may be granted shall be fixed by the Board provided that the minimum exercise price shall not be less than the market price of the Shares at the time the Option is granted, less any permitted discounts pursuant to the policies of the relevant stock exchange on which the Shares are then listed.
- (b) *Payment:* The full purchase price of Shares purchased under an Option shall be paid in cash or certified funds upon the exercise thereof, and upon receipt of payment in full, but subject to the terms of the Plan, including the provisions of subparagraph 6(e), the number of Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable. A holder of an Option shall have none of the rights of a shareholder until the Shares are issued to him.
- (c) *Term of Option:* Options may be granted under this Plan exercisable over a period not exceeding ten (10) years. Each Option shall be subject to earlier termination as provided in subparagraph 6(f).
- (d) *Exercise of Option:* Subject to the provisions contained in subparagraph 6(f), no Option may be exercised unless the Participant is then an Eligible Person. This Plan shall not confer upon the Participant any right with respect to continuation of employment by the Company. Absence on leave approved by an officer of the Company or of any Subsidiary authorized to give such approval shall not be considered an interruption of employment for any purpose of the Plan. Subject to the provisions of the Plan, an Option may be exercised from time to time by: (i) delivery to Company of written notice of exercise specifying the number of Shares with respect to

which the Option is being exercised, (ii) accompanied by payment in full of the purchase price of the Shares then being purchased and (iii) make suitable arrangements with the Company, in accordance with subparagraph 6(e), for the receipt by the Company of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the "**Withholding Obligations**"). The Board may, in its discretion but subject to the rules of this Plan, subsequent to the time of granting any Options hereunder, permit any Eligible Person to exercise any or all of the unvested Options then outstanding and granted to the Eligible Person under this Plan, in which event all such unvested Options then outstanding and granted to the Optionee shall be deemed to be immediately exercisable during such period of time as may be specified by the Board.

- (e) *Withholding Taxes:* Upon the exercise of an Option by a Participant, the Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Company in its sole discretion:
- (i) the tendering by the Participant of cash payment to the Company in an amount less than or equal to the Withholding Amount; or
 - (ii) the withholding by the Company from the Shares otherwise due to the Participant such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the stock option agreement, the Participant shall be deemed to have consented to such sale and have granted to the Company an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Company does not accept responsibility for the price obtained on the sale of such Shares; or
 - (iii) the withholding by the Company from any cash payment otherwise due by the Company to the Participant, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the stock option agreement shall provide that the Participant (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan and an acknowledgement that neither the Board nor the Company shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Plan and none of the Board, the Company, nor any of its employees or representatives shall have any liability to an Participant (or its beneficiaries) with respect thereto.

- (f) *Termination of Options:* Any Option granted pursuant hereto, to the extent not validly exercised, will, unless otherwise specified in the Option agreement or in the resolution of the Board granting such Option, as the case may be, terminate on the earlier of the following dates:
- (i) the date of expiration specified in the Option agreement or in the resolution of the Board granting such Option, as the case may be, being not more than ten (10) years after the date upon which the Option was granted;
 - (ii) thirty (30) days after the Participant ceases to be an Eligible Person, other than by reason of retirement, permanent disability or death. Without limitation, and for greater certainty

only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant;

- (iii) one hundred and eighty (180) days after the date of the death of the Participant during which period the Option may be exercised by the Participant's legal representative or the Person or Persons to whom the deceased Participant's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Participant would have been entitled to exercise the Option on the date of death;
- (iv) ninety (90) days after termination of the Participant's employment by reason of permanent disability or retirement under any retirement plan of the Company or any Subsidiary, during which ninety (90) day period the Participant may exercise the Option to the extent he was entitled to exercise it at the time of such termination, provided that if the Participant shall die within such ninety (90) day period, then such right shall be extended to ninety (90) days following the date of death of the Participant and shall be exercisable only by the Persons described in clause 6(f)(iii) hereof and only to the extent therein set forth; and
- (v) notwithstanding anything herein contained to the contrary, if the Shares are listed on the Exchange, thirty (30) days after a Participant who is engaged in Investor Relations Activities ceases to be employed to provide Investor Relations Activities to the Company for any reason whatsoever.

For greater certainty, the termination provisions contained in this subparagraph 6(f) shall not supercede the provisions of any Option agreement relating to outstanding options or any resolution of the Board granting such outstanding options.

- (g) *Bankruptcy or Insolvency of Participant:* In the event that the Participant commits an act of bankruptcy or any proceeding is commenced against the Participant under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismissed for a period of thirty (30) days, no Option held by such Participant may be exercised following the date on which such Participant commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.
- (h) *Non-transferability of Stock Option:* No Option shall be transferable or assignable by the Participant other than by will or the laws of descent and distribution and such Option shall be exercisable during his lifetime only by the Participant. Notwithstanding the foregoing, if permitted by the stock exchange on which the shares are then listed, Options may be transferred or assigned between a Consultant, Executive or Employee to an RRSP or an RRIF established by or for such Consultant, Executive or Employee or under which such Consultant, Executive or Employee is the beneficiary or to any subsidiary entity of an Employee or Executive or by a Consultant to such Consultant's Consultant Company, provided the assignor delivers notice to the Company prior to the assignment and the Board, as applicable, approves such assignment.
- (i) *Granting of Options:* Subject as herein and otherwise specifically provided herein, the number of Shares subject to each Option, the exercise price for each Option, the expiration date of each Option and the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board.
- (j) *Vesting:* Subject to the policies of the relevant stock exchange on which the Shares are then listed, the Board may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist. Notwithstanding any other provision hereof, if the Shares are listed on the Exchange, Options granted to persons engaged to provide

Investor Relations Activities shall vest in stages over a minimum period of twelve (12) months from the date of grant with no more than one-quarter ($\frac{1}{4}$) of any such Options granted vesting in any three (3) month period.

- (k) *Reduction in Option Price:* In the event that the Board approves a reduction in the exercise price of a Participant who is an Insider at the time of the proposed reduction, such reduction shall be subject to the approval of disinterested shareholders of the Company.
- (l) *Representation as to Bona Fide Employee or Consultant:* Upon approval by the Board of the granting of Options to Eligible Persons who are Employees or Consultants, the Company shall represent in the resolution approving such grant that such Eligible Person is a bona fide Employee or Consultant, as the case may be.
- (m) *Applicable Laws or Regulations:* The Plan, the grant and exercise of Options hereunder and the Company's obligation to sell and deliver Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the granting of any Option hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or the Shares under the securities laws of any jurisdiction and any purported grant of any Option or issue or sale of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Shares are listed for trading. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws and the rules of any stock exchange on which the Shares are then listed. If required by the relevant exchange, the share certificates issued upon the exercise of any Options shall bear a legend setting out the required restrictions on sale or resale. The Company's obligation to issue Shares pursuant to the exercise of any Option shall be subject to the receipt from the Participant of such representations, warranties, agreements and undertakings, as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction and/or as may be required by any stock exchange on which the Shares are then listed.
- (n) *Rights of Holders:* The Participant shall not have any rights as a shareholder of the Company with respect to any Shares subject to any Option until such Participant shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the aggregate exercise price in respect of which the Option is being exercised).
- (o) *No Additional Rights Conferred:* Nothing in this Plan nor any Option shall confer upon any Participant any right to continue as an Employee, Executive or Consultant of the Company or any subsidiary of the Company or affect in any manner the right of the Company or any subsidiary to terminate a Participant's employment or terminate a Participant's consulting arrangement at any time.

7. ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN

- (a) *Subdivisions and Redivisions:* In the event of any subdivision or redivision or subdivisions or redivisions of the Shares at any time while any Option is outstanding into a greater number of Shares, the Company shall thereafter deliver at the time of exercise of any Option, in lieu of the number of Shares in respect of which such Option is then being exercised, such greater number of Shares as would result from said subdivision or redivision or subdivisions or redivisions had such Option been exercised before such subdivision or redivision or subdivisions or redivisions without the Participant making any additional payment or giving any other consideration therefore.

- (b) *Consolidations:* In the event of any consolidation or consolidations of the Shares at any time while any Option is outstanding into a lesser number of Shares, the Company shall thereafter deliver, and the Participant shall accept, at the time of exercise of any Option, in lieu of the number of Shares in respect of which such Option is then being exercised, such lesser number of Shares as would result from such consolidation or consolidations had such Option been exercised before such consolidation or consolidations.
- (c) *Reclassifications/Changes:* In the event of any reclassification or change or reclassifications or changes of the Shares at any time while any Option is outstanding, the Company shall thereafter deliver at the time of exercise of any Option hereunder the number of securities of the Company of the appropriate class or classes resulting from said reclassification or change or reclassifications or changes as the Participant would have been entitled to receive in respect of the number of Shares in respect of which such Option is then being exercised had such Option been exercised before such reclassification or change or reclassifications or changes.
- (d) *Other Capital Reorganizations:* In the event of any capital reorganization of the Company at any time while any Option is outstanding, not otherwise covered in this paragraph 7 or a consolidation, amalgamation or merger with or into any other entity or the sale of the properties and assets as or substantially as an entirety to any other entity, the Participant if he has not exercised his Option prior to the effective date of such reorganization, consolidation, amalgamation, merger or sale, upon the exercise of such Option thereafter, shall be entitled to receive and shall accept in lieu of the number of Shares then subscribed for by him but for the same aggregate consideration payable therefor, the number of other securities or property of the entity resulting from such merger, amalgamation or consolidation or to which such sale may be made, as the case may be, that the Participant would have been entitled to receive on such capital reorganization, consolidation, amalgamation, merger or sale if, on the record date or the effective date thereof, he had been the registered holder of the number of Shares so subscribed for.
- (e) *Stock Dividend:* If the Company at any time while any Option is outstanding shall pay any stock dividend or stock dividends upon the Shares, the Company will thereafter deliver at the time of exercise of any Option in addition to the number of Shares in respect of which such Option is then being exercised, such additional number of securities of the appropriate class as would have been payable on the Shares so purchased if such Shares had been outstanding on the record date for the payment of such stock dividend or dividends.
- (f) *Fractional Shares:* The Company shall not be obligated to issue fractional Shares in satisfaction of its obligations under the Plan or any Option and the Participant will not be entitled to receive any form of compensation in lieu thereof.
- (g) *Rights Offerings:* If at any time the Company grants to its shareholders the right to subscribe for and purchase pro rata additional securities of any other corporation or entity, there shall be no adjustments made to the number of Shares or other securities subject to the Options in consequence thereof and the Options shall remain unaffected.
- (h) *Adjustments Cumulative:* The adjustment in the number of Shares issuable pursuant to Options provided for in this paragraph 7 shall be cumulative.
- (i) *Necessary Adjustments:* On the happening of each and every of the foregoing events, the applicable provisions of the Plan and each of them shall, ipso facto, be deemed to be amended accordingly and the Board shall take all necessary action so as to make all necessary adjustments in the number and kind of securities subject to any outstanding Options (and the Plan) and the option price thereof.

8. AMENDMENT OF PLAN AND OPTIONS

- (a) The Board may terminate the Plan at any time upon receipt of any requisite regulatory approval. Subject to **Section 8(b)**, the Board has the discretion to make any amendments to the Plan that it may deem necessary, without having to obtain shareholder approval, including, without limitation: (i) minor changes of a "house-keeping nature"; (ii) amending Options under the Plan, including with respect to the term of the Options (provided that the period during which an Option is exercisable does not exceed ten (10) years from the date the Option is granted and that such Option is not held by an Insider), vesting period, exercise method and frequency, subscription price (provided that such Option is not held by an Insider) and method of determining the subscription price, assignability and effect of termination of an Participant's employment or cessation of the Participant's directorship; (iii) changing the class of Participants eligible to participate under the Plan; (iv) advancing the date on which any Option may be exercised or extending the expiration date of any Option, provided that the period during which an Option is exercisable does not exceed ten (10) years from the date the Option is granted; (v) decreasing the maximum aggregate number of Shares which may be issued and sold under the Plan; (vi) changing the terms and conditions of any financial assistance that may be provided by the Company to Participants to facilitate the purchase of Shares under the Plan; and (vii) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Shares from the Plan reserve.
- (b) Shareholder approval must be obtained in the case of: (i) any amendment to the amendment provisions of the Plan; (ii) any increase in the maximum number of Shares issuable under the Plan; and (iii) any reduction in the exercise price or extension of the Option period benefiting an Insider, in addition to such other matters that may require shareholder approval under the rules and policies of any stock exchange that the Shares are listed and regulatory authorities having jurisdiction over the affairs of the Company. Disinterested shareholder approval must be obtained for any changes to the Insider participation limits in the Plan or if the number of Class A Shares or Class B Shares reserved for issuance to any one (1) person exceeds five percent (5%) of the issued and outstanding Class A Shares or Class B Shares.

9. EFFECTIVE DATE AND DURATION OF PLAN

Upon approval by the shareholders of the Company in accordance with the *Business Corporations Act* (Ontario), and if the Shares are listed or posted on an stock exchange and such acceptance is required, this Plan shall be deemed to be effective as of the Effective Date. Any Options granted prior to such approval and acceptance(s) shall be conditional upon such approval and acceptance(s) being given and no such Options may be exercised unless such approval and acceptance is given. The Plan shall remain in full force and effect until such time as the Board, and if required, with the approval of the shareholders of the Company, shall amend or terminate the Plan, and for so long thereafter as Options remain outstanding in favour of any Participant.