

REPORT PURSUANT TO PART 3 OF NATIONAL INSTRUMENT 62-103

1. Name and address of the offeror.

Michael Stein (the “**Offeror**”)
7071 Bayview Ave. Suite 304
Thornhill, Ontario L3T 7Y8

2. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

Immediately prior to the transaction giving rise to this Report, the Offeror had beneficial ownership of an aggregate of 20,337 Class A subordinate voting shares (the “**Subordinate Voting Shares**”) and 937,418 Class B multiple voting shares (the “**Multiple Voting Shares**”) of Applied Inventions Management Corp. (the “**Issuer**”), representing approximately 5.23% and 82.28% of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares on a non-diluted and partially diluted basis.

As at April 27, 2016, the Issuer was indebted to the Offeror and WFE Investments Corp. (“**WFE**”), a company controlled and directed by the Offeror, in the aggregate principal amount of \$645,154 (the “**Indebtedness**”). On April 27, 2016, in satisfaction of all current obligations of the Issuer owing pursuant to the Indebtedness (the “**Settlement**”), the Issuer issued (i) to the Offeror a subordinate voting debenture in the principal amount of \$343,154 (the “**Subordinate Voting Debenture**”), and (ii) to WFE a multiple voting debenture in the principal amount of \$302,000 (the “**Multiple Voting Debenture**”, and together with the Subordinate Voting Debenture, the “**Debentures**”).

The Debentures bear interest at a rate of ten percent (10%) per annum and the principal amount thereof becomes due and payable on April 27, 2018 (the “**Maturity Date**”). Interest on the principal amount of the Debentures shall be due in quarterly instalments on March 31, June 30, September 30 and December 31.

All or any portion of the outstanding principal amount of indebtedness or any outstanding interest payments under the Subordinate Voting Debenture will be convertible at the option of the holder into units (the “**Subordinate Voting Units**”) at a conversion price of \$0.05 per Subordinate Voting Unit at any time prior to the Maturity Date. Each Subordinate Voting Unit will consist of one (1) Subordinate Voting Share and one (1) detachable share purchase warrant (the “**Warrant**”). Each Warrant shall entitle the holder thereof to acquire one (1) Subordinate Voting Share at a price of \$0.06 per Subordinate Voting Share until two (2) years from the date of issuance (the “**Warrant Shares**”).

All or any portion of the outstanding principal amount or any outstanding interest payments of indebtedness under the Multiple Voting Debenture will be convertible at the option of the holder into units (the “**Multiple Voting Units**”, and together with the

Subordinated Voting Units, the “Units”) at a conversion price of \$0.05 per Multiple Voting Unit at any time prior to the Maturity Date. Each Multiple Voting Unit will consist of one (1) Multiple Voting Share and one (1) Warrant.

3. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release.

The Offeror and WFE acquired ownership of \$645,154 principal amount of Debentures. After giving effect to the Settlement, the Offeror and WFE continue to hold the same number of Subordinate Voting Shares and Multiple Voting Shares, but if they converted all of the convertible securities held by them under the Debentures, then they would hold approximately 23,739,729 or 98.47% and 8,185,418 or 97.59% of the Company’s then issued and outstanding Subordinate Voting Shares and Multiple Voting Shares.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

- (a) **the Offeror, either alone or together with any joint actors, has ownership and control;**

See Item 3.

- (b) **the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and**

Not applicable.

- (c) **the Offeror, either alone or together with any joint actors has exclusive or shared control but does not have ownership.**

Not applicable.

5. The name of the market where the transaction or occurrence that gave rise to the news release took place.

Not applicable.

6. The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.

\$645,154 for the Debentures.

- 7. The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

The Debentures were acquired for investment purposes. In the future, the Offeror may, depending on market and other conditions, increase or decrease his beneficial ownership of the securities of the Issuer.

- 8. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.**

Not applicable.

- 9. Names of joint actors in connection with the disclosure required by this Report.**

WFE.

- 10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror.**

See Item 3.

- 11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements of Part 4 of National Instrument 62-103 in respect of the Reporting Issuer's securities.**

Not applicable.

- 12. If applicable, a description of the exemption from securities legislation being relied upon by the Offeror and the facts supporting that reliance.**

Section 2.14 – Securities for Debt of National Instrument 45-106 – *Prospectus and Registration Exemptions*. The Debentures were issued in settlement of any further obligations of the Issuer pursuant to the Indebtedness.

DATED April 27, 2016.

MICHAEL STEIN

/s/ Michael Stein