

EARLY WARNING REPORT
(Form 62-103F1)

Made Pursuant To
NATIONAL INSTRUMENT 62-103
The Early Warning System and Related Take-Over Bid and
Insider Reporting Issues

ITEM 1 – SECURITY AND REPORTING ISSUER

- 1.1 **State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Securities: Warrants
Class A subordinate voting shares
Secured Subordinate Voting Debenture

Issuer: Applied Inventions Management Corp. (the "**Corporation**")
1 Adelaide Street East, Suite 801
Toronto, Ontario
M5C 2V9

- 1.2 **State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

See Item 2.2

ITEM 2 – IDENTITY OF THE ACQUIROR

- 2.1 **State the name and address of the acquiror.**

Michael Stein ("**Mr. Stein**")
27 Payson Avenue
Thornhill, Ontario L4J 5S2

- 2.2 **State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On April 27, 2016 the Corporation issued to Mr. Stein, a secured subordinated voting debenture in the amount of \$343,154, bearing interest at the rate of ten percent (10%) per annum, and as amended through a waiver and debenture agreement dated May 22, 2018 (the "**Subordinated Voting Debenture**"). Accrued interest at ten percent (10%) per annum from April 27, 2016 to October 15, 2018 is \$87,332 for a total amount owing of \$430,486. All or any portion of the outstanding principal amount of indebtedness or any outstanding interest payments under the Subordinate Voting Debenture is convertible at the option of the holder into units (the "**Units**") at a conversion price of \$0.05 per Unit. Each Unit consists of one (1) Class A subordinate voting shares (each a "**Subordinate Voting Share**") and one (1) share purchase warrant (each a "**Warrant**"). Each Warrant is exercisable into one (1) Subordinate Voting Share at a price of \$0.06 per share for two years from the date of issuance.

On October 15, 2018, Mr. Stein converted \$115,000 of the Subordinate Voting Debenture (the "**Conversion**") and as a result acquired direct ownership of 2,300,000 Subordinate Voting Shares and 2,300,000 Warrants of the Corporation. Following the Conversion, Mr. Stein agreed to forgive the balance of \$315,486 remaining under the Debenture and terminate the 2,300,000 Warrants received as a result of the Conversion.

Mr. Stein, through WFE Investments Corp. ("**WFE**"), a company controlled and directed by Mr. Stein, also exercised an aggregate 2,300,000 Warrants of the Corporation at an exercise price of \$0.06 to acquire control over 2,300,000 Subordinate Voting Shares of the Corporation (the "**Exercise**"). Prior to the Exercise, Mr. Stein held an aggregate 6,700,260 Warrants in the Corporation, and agreed to terminate the balance of 4,400,260 Warrants following the Exercise.

On October 15, 2018 Mr. Stein sold 1,840,625 Subordinate Voting Shares at a price of \$0.08 per share for aggregate gross proceeds of \$147,250 (the "**Sales**").

2.3 State the names of any joint actors.

WFE with respect to the Exercise.

ITEM 3 – INTEREST IN SECURITIES OF THE REPORTING ISSUER

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

Mr. Stein acquired control, through WFE, of 2,300,000 Subordinate Voting Shares as well as 2,300,000 Subordinate Voting Shares directly. Mr. Stein then sold 1,840,625 Subordinate Voting Shares at a price of \$0.08 per share for aggregate gross proceeds of \$147,250.

Prior to the Exercise, Conversion and Sales, Mr. Stein had ownership and control of an aggregate 7,638,038 Multiple Voting Shares representing 97.4% of the issued and outstanding Multiple Voting Shares, 20,337 Subordinate Voting Shares of the Corporation representing approximately 1.8% of the Subordinate Voting Shares of the then issued and outstanding Subordinate Voting Shares, and 6,700,620 Warrants on a non-diluted basis.

Following the Exercise, Conversion and Sales, Mr. Stein has ownership and control of an aggregate 7,638,038 Multiple Voting Shares representing 97.4% of the Corporation's issued and outstanding Multiple Voting Shares and 2,779,712 Subordinate Voting Shares of the Corporation representing approximately 48.4% of issued and outstanding Subordinate Voting Shares.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

Mr. Stein acquired ownership and also disposed of the securities.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Please see Item 3.1 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which:

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

See Item 3.1 above.

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

Not applicable.

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

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

ITEM 4 – CONSIDERATION PAID

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The Warrants were exercised at a price of \$0.06 per Warrant and the consideration paid was \$138,000 in the aggregate.

The 2,300,000 Subordinate Voting Shares acquired pursuant to the Conversion were at \$0.05 per share and \$115,000 in the aggregate.

Mr. Stein sold 1,840,625 Subordinate Voting Shares at a price of \$0.08 per share for aggregate gross proceeds of \$147,250.

- 4.2 **In the case of a transaction or other 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, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Section 4.1.

- 4.3 **If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

See Section 4.1.

ITEM 5 – PURPOSE OF THE TRANSACTION

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) **the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) **a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) **a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Purchaser currently has no other plans or intentions that relate to, or would result in the matters listed in clauses (a) to (k), above. Depending on market conditions, general economic and industry conditions, the Corporation's business and financial condition and/or other relevant factors, the Purchaser may develop such plans or intentions in the future.

ITEM 6 – AGREEMENTS, ARRANGEMENTS, COMMITMENTS OR UNDERSTANDINGS WITH RESPECT TO SECURITIES OF THE REPORTING ISSUER

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

ITEM 7 – CHANGE IN MATERIAL FACT

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

ITEM 8 – EXEMPTION

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

ITEM 9 – CERTIFICATION

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: October 15, 2018.

“Michael Stein”

Michael Stein