

**DIGIFONICA INTERNATIONAL INC.**

1750 – 999 West Hastings Street  
Vancouver, BC V6C 2W2

**INFORMATION CIRCULAR  
AS AT JULY 13, 2012**

This Information Circular accompanies the Notice of the Annual General and Special Meeting (the “Meeting”) of the Shareholders of DIGIFONICA INTERNATIONAL INC. (hereinafter called the “Company”) to be held at 300 – 576 Seymour Street, Vancouver, B.C., on the 13<sup>th</sup> day of August, 2012 at the hour of 10:00 am, and is furnished in connection with a solicitation of proxies by the Board of Directors of the Company for use at that Meeting and at any adjournment thereof. The solicitation will be by mail. Proxies may also be solicited personally by regular employees of the Company. The Company does not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy. No solicitation will be made by agents. The cost of solicitation will be borne by the Company.

**GENERAL PROXY INFORMATION**

**Appointment Of Proxyholder**

A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the Shareholder’s proxyholder. The person(s) whose name(s) are printed in the enclosed form of proxy for the Meeting are officers or directors of the Company (the “Management Proxyholders”).

**A Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.**

**Voting By Proxy**

Common shares of the Company (the “Shares”) represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the Shareholder on any ballot that may be called for.

**If no choice is specified and one of the Management Proxyholders is appointed by a Shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.**

**The enclosed form of proxy confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the**

**Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **Completion and Return Of Proxy**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax at 1-866-249-7775 (the "Transfer Agent"), not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies deposited subsequently.

### **Non-Registered Holders**

**Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares.** More particularly, a person is not a Registered Shareholder in respect of Shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBO's". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBO's".

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the notice of meeting, this information circular and the proxy (collectively, the "Meeting Materials") directly to the NOBO's. In addition, the Company will also be mailing materials to the OBO's.

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “VIF”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it a Non-Registered Holder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIF’s, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

### **Revocability Of Proxy**

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only Registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.**

### **Voting Securities And Principal Holders Of Voting Securities**

The Company is authorized to issue an unlimited number of Common Shares without par value, and an unlimited number of Preferred Shares, issuable in one or more series. As at the date hereof, there are 35,829,143 Common Shares issued and outstanding. Each shareholder is entitled to one vote for each Common Share registered in his name on the list of shareholders, which is available for inspection during normal business hours at the Transfer Agent and at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company.

The directors have determined that all shareholders of record as of the 9<sup>th</sup> day of July, 2012 will be entitled to receive notice of and to vote at the Meeting.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular:

- (a) “Chief Executive Officer” or “CEO” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) “Chief Financial Officer” or “CFO” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) “Named Executive Officer” or “NEO” means each of the following individuals:
  - (i) a CEO;
  - (ii) a CFO;
  - (iii) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
  - (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

1. Named Executive Officers

During the fiscal year ended December 31, 2011 the Corporation had six Named Executive Officers, namely:

- (a) Gunther Roehlig, President and Chief Executive Officer;
- (b) Robert McMorran, Chief Financial Officer;
- (c) Emil Malak, President and Chief Executive Officer for the periods beginning April 21, 2011 and ending April 25, 2011 and beginning May 5, 2011 and ending September 14, 2011;
- (d) Gavin McMillan, President and Chief Executive Officer for the period up to April 21, 2011 and for the period beginning April 25, 2011 and ending May 5, 2011;
- (d) J. Roland Vetter, Chief Financial Officer for the period beginning February 14, 2011 and ending October 11, 2011; and
- (e) Cherry Cai, Chief Financial Officer for the period up to February 14, 2011.

2. Compensation Discussion and Analysis

In the last financial year of the Corporation, no executive officer received any salary from the Corporation. Certain executive officers received compensation for providing specific services to the Corporation as consultants.

There are no employment contracts in place for the officers of the Corporation.

In addition, NEOs are eligible under the Corporation’s Stock Option Plan (the “Plan”) to receive grants of stock options. The Plan is an important part of the Corporation’s long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of its shares over a stated period of time. The Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to NEOs is dependent on each officer’s level of responsibility, authority and importance to the Corporation and the degree to which such officer’s long-term contribution to the Corporation will be key to its long-term success.

Summary Compensation Table

The following table sets forth the compensation of each Named Executive Officer for each of the three most recently completed fiscal years.

Name & principal position  (a)	Year <sup>1</sup>  (b)	Salary (\$)  (c)	Share-based awards (\$)  (d)	Option-based awards (\$)  (e)	Non-equity incentive plan compensation (\$)  (f)		Pension value (\$)  (g)	All other compensation (\$)  (h)	Total Compensation (\$)  (i)
					Annual incentive plans  (f1)	Long-term incentive plans  (f2)			
G. Roehlig, CEO	2011 2010 2009	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A
R. McMorran, CFO	2011 2010 2009	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	18,238 <sup>2</sup> N/A N/A	18,238 <sup>2</sup> N/A N/A
E. Malak, Former CEO	2011 2010 2009	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
G. McMillan, Former CEO	2011 2010 2009	Nil Nil 74,500	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	15,000 32,000 35,000	15,000 32,000 109,500
J.R. Vetter, Former CFO	2011 2010 2009	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	3,000 1,000 N/A	3,000 1,000 N/A
C. Cai, Former CFO	2011 2010 2009	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A

<sup>1</sup> January 1 to December 31.

<sup>2</sup> The compensation includes all amounts paid to a management company owned by Robert McMorran that provides accounting and administrative services to the Company. Of the amount reported for 2011, \$1,950 relate to services provided directly by Mr. McMorran.

### Incentive Plan Awards

#### *Common Share Purchase Plan*

The Corporation has in effect the Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Corporation and to enable the Corporation to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Corporation's Shareholders.

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth particulars of all outstanding share-based and option-based awards granted to the Named Executive Officers and which were outstanding at December 31, 2011:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value <sup>1</sup> of unexercised in-the-money options (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
G. Roehlig, CEO	Nil	N/A	N/A	Nil	N/A	N/A
R. McMorran, CFO	Nil	N/A	N/A	Nil	N/A	N/A
E. Malak, Former CEO	Nil	N/A	N/A	Nil	N/A	N/A
G. McMillan, Former CEO	12,500	\$10.58	Jun 2/2013	Nil	N/A	N/A
J.R. Vetter, Former CFO	Nil	N/A	N/A	Nil	N/A	N/A
C. Cai, Former CFO	Nil	N/A	N/A	Nil	N/A	N/A

(1) Value using the closing price of common shares of the Corporation on the Exchange on December 31, 2011 of \$0.520 per share, less the exercise price per share.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth particulars of the value vested or earned during the year ended December 31, 2011 in respect of incentive awards to the Named Executive Officers:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plans compensation – Value earned during the year (\$)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
G. Roehlig, CEO	Nil	Nil	Nil
R. McMorran, CFO	Nil	Nil	Nil
E. Malak, Former CEO	Nil	Nil	Nil
G. McMillan, Former CEO	Nil	Nil	Nil
J.R. Vetter, Former CFO	Nil	Nil	Nil
C.Cai, Former CFO	Nil	Nil	Nil

Pension Plan Benefits

The Corporation does not have a pension plan.

Termination and Change of Control Benefits

During the year ended December 31, 2011, the Corporation did not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination, resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

Director Compensation

There are no formal arrangements under which directors were compensated by the Corporation and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

The following table sets forth particulars of all compensation paid to directors who were not Named Executive Officers during the year ended December 31, 2011:

Name (a)	Fees earned (\$) (b)	Share-based awards (\$) (c)	Option-based awards (\$) <sup>1</sup> (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Gordon Blankstein	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter Legault	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Sawyer	Nil	Nil	Nil	Nil	Nil	\$48,590 <sup>2</sup>	\$48,590 <sub>2</sub>
Colin Tucker	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> The fair value of the options granted have been estimated using the Black-Scholes option-pricing model.

<sup>2</sup> Paid for consulting services rendered.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2011:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights at fiscal year end (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans at fiscal year end (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	69,000	\$10.58	3,513,914
Equity compensation plans <i>not</i> approved by securityholders	N/A	N/A	N/A

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company at any time since the beginning of the Company's last completed financial year.

## APPOINTMENT OF AUDITORS

Management proposes the appointment of MNP LLP, Chartered Accountants, of Vancouver, British Columbia, as Auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration. MNP have been the Company's auditors since 2007.



## **AUDIT COMMITTEE DISCLOSURE**

The Charter of the Company's Audit Committee and the other information required to be disclosed by form 52-110F2 is attached to this Information Circular as Schedule "A".

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company other than as disclosed in a prior information circular and other than as disclosed herein.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing 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 other than as disclosed herein.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the period ended December 31, 2011 (the "Financial Statements"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements and MD&A for the financial year ended December 31, 2011 together with the Auditor's Report thereon are also available on SEDAR at [www.sedar.com](http://www.sedar.com). The Notice of Meeting to shareholders, Information Circular and form of Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9, or the Company's head office located at 1750-999 West Hastings Street, Vancouver, BC V6C 2W2.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may contact the Company by email at [groehlig@shaw.ca](mailto:groehlig@shaw.ca) to request copies of the Company's financial statements. Financial information concerning the Company is provided in the Company's comparative financial statements for its most recently completed financial year as filed on SEDAR.

## **CORPORATE GOVERNANCE**

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

## **PART 1 BOARD OF DIRECTORS**

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Gunther Roehlig is not considered "independent" due to the fact that he is the President and CEO of the Company.

Robert McMorran is not considered "independent" due to the fact that he is the CFO of the Company.

Gavin McMillan is considered "independent" due to the fact that although he was the President and CEO of the Company within the last three years, his service was carried in an interim capacity.

Michael Staw, a proposed director of the Company, will not be considered "independent" if elected because he is to be appointed as President & CEO of the Company upon his election.

Ken Kennedy, a proposed director of the Company, will not be considered "independent" if elected because he is to be appointed COO of the Company upon his election.

Robert Russell, a proposed director of the Company, is "independent" in that he is independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholdings.

Daniel Schultz, a proposed director of the Company, is "independent" in that he is independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholdings.

## **PART 2 DIRECTORSHIPS**

To the knowledge of the Company, none of the current members of the board of directors nor any proposed director serves as a director of any other reporting issuer except as set out in the table below:

<b>Name of Director</b>	<b>Reporting Issuer</b>
Gunther Roehlig	Samaranta Mining Corporation
	Neodym Technologies Inc.
	Terra Nova Minerals Inc.
	Inca One Metals Corp.
	Brea Resources Corp.
	Oculus Ventures Corporation
Robert McMorran	BRS Ventures Ltd.
	Encanto Potash Corp.
	Inca One Resources Corp.

	Archer Petroleum Corp.
	Samaranta Mining Corporation
	Citation Resources Inc.
	Terra Nova Minerals Inc.
	Brea Resources Corp.

### **PART 3      ORIENTATION AND CONTINUING EDUCATION**

The Board of Directors of the Company brief all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

### **PART 4      ETHICAL BUSINESS CONDUCT**

The Board has found that the fiduciary duties placed on individual directors by the Company'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 in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board 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. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **PART 5      NOMINATION OF DIRECTORS**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

## **PART 6      COMPENSATION**

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

## **PART 7      OTHER BOARD COMMITTEES**

The Board of Directors has no committees other than the Audit Committee.

## **PART 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 and committees.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **A.      ELECTION OF DIRECTORS**

Under the Articles of the Company, the number of directors of the Company must be between one and ten. The Company's board of directors is currently comprised of three directors, namely Gunther Roehlig, Robert McMorran and Gavin McMillan (collectively, the "**Current Directors**").

The Current Directors are all nominated for re-election. It is proposed the board of directors shall be increased to seven directors and that each of Michael Staw, Ken Kennedy, Robert Russell and Daniel Schultz (collectively, the "**Proposed Directors**") be elected as additional directors to fill the four vacant positions. All persons elected as directors at the Meeting shall serve until the close of the next annual meeting or until a successor is elected or appointed.

The nominees for election to the board of directors will be elected if approved by a majority of the votes cast by shareholders represented in person or by proxy at the Meeting and entitled to vote thereon. In addition, the Proposed Directors will be elected only upon (i) the approval of the TSX Venture Exchange (the "**Exchange**") for the Company's Change of Business (the "**COB**") transaction as announced on April 30, 2012 and (ii) the completion of the Continuance and Name Change (as defined below).

If the Company receives Exchange approval for the COB and effects the Continuance and Name Change, the size of the board of directors will be increased to seven and the composition altered to reflect the appointment of the Proposed Directors immediately after the Continuance and Name Change is effected.

If the COB is not approved by the Exchange or the Continuance and Name Change is not approved by the shareholders at the Meeting or any adjournment thereof or otherwise does not occur, the resolution to increase the size of the board of directors and the election of the Proposed Directors described above shall be of no effect, and the size of the Board shall be set at three directors with the Current Directors deemed to be re-elected.

It is intended that on any ballot that may be called for relating to the election of directors, the shares represented by proxies in favour of management nominees will be voted in favour of the election of such persons as directors of Company, unless a shareholder has specified in his or her proxy that his or her shares are to be withheld from voting in the election of directors.

*Information Concerning Nominees as Directors*

The following table sets out the names of the persons proposed to be nominated by management for election as a director, the municipality in which each person is ordinarily resident, the positions and offices which each presently holds with the Corporation, the period of time for which each person has been a director of the Corporation, the respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of common shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

<b>Name, present office held &amp; province/state of residence</b>	<b>Director since</b>	<b>Number of shares beneficially owned, directly or indirectly, or over which control or direction is exercised at the date hereof</b>	<b>Principal Occupation, and if not at present an elected director, occupation during the last five years</b>
<b>GUNTHER ROEHLIG</b> President & CEO, Director <i>British Columbia</i>	October 11, 2011	500,000	Businessman; President & CEO of Digifonica International Inc. and a director of a number of public companies.
<b>ROBERT MCMORRAN</b> CFO, Director <i>British Columbia</i>	October 11, 2011	200,000	Independent Business Consultant; Chartered Accountant; President of Malaspina Consultants Inc., a private company providing accounting and administrative services to junior public companies, since 1997. Mr. McMorran is also a director and/or officer of a number of public companies.

<b>GAVIN MCMILLAN</b> Director <i>British Columbia</i>	September 14, 2011	300,000	Businessman; Director of International Sales and Digital Marketing at Macte! Labs, Inc.
<b>MICHAEL STAW</b> Proposed Director <i>Connecticut, USA</i>	N/A (nominated)	Nil	President of Bidcactus, LLC, Mr. Staw was the founder and former CEO of RealTime Gaming.
<b>KEN KENNEDY</b> Proposed Director <i>Connecticut, USA</i>	N/A (nominated)	Nil	COO of Bidcactus LLC, Mr. Kennedy formerly served as the Managing Director of Deutsche Bank AG.
<b>ROBERT RUSSELL</b> Proposed Director <i>Connecticut, USA</i>	N/A (nominated)	Nil	CEO in residence for the University of Strathclyde, Glasgow, Scotland, Mr. Russell is on the board of a number of companies including serving as the chairman of ITA Holdings, a holdings company for import/export technology.
<b>DANIEL SCHULTZ</b> Proposed Director <i>Florida, USA</i>	N/A (nominated)	Nil	Businessman and entrepreneur.

The Company has an Audit Committee, the members of which are Gunther Roehlig, Robert McMorran and Gavin McMillan.

Additional information on each of the Proposed Directors is as follows:

**Michael Staw:** Michael Staw is the founder of BidCactus LLC. Prior to that, Mr. Staw was the founder and former CEO of RealTime Gaming. Prior to founding RealTime Gaming, Mr. Staw served as one of the founders of Pixel Technologies, a high-end developer of games and educational products. His extensive background also includes positions as a software engineer at Microsoft and Head of User Interface in a Division at Lotus Development. In his career, either he or teams that he has led have developed over 250 products.

**Ken Kennedy:** Mr. Kennedy is the COO of BidCactus LLC. He has more than thirty years of financial service experience, having served in senior roles with Deutsche Bank, Salomon Brothers and Swiss Bank Corp. He served as Managing Director and Global Head of Securities Operations for Deutsche Bank AG from 2004-2007 and CIO and Head of Global Securities Services from 2001-2004, where he led the sale and integration of the business to State Street

Bank and Trust Co. Prior to this role, he served as COO for Deutsche Bank AG Technology and Operations in both London and New York from 1996-2000. Before joining BidCactus, he was the founder and managing partner at Weddington Partners, a private equity investment partnership. He has significant expertise in operations, Accounting and Technology, while specializing in divestitures, merger and acquisitions integrations, off/near shoring, branding/marketing and capital raising.

**Daniel Schultz:** Mr. Schultz is a serial entrepreneur and strategic executive. Since 1983, he has founded and built more than a half a dozen companies and successfully brought them to exit. A consummate sales and marketing executive, his wide range of products have included online software and entertainment, cleaning services, Far East imports, inventory salvage, furniture, and food services. In 1985, Mr. Schultz was named as one of the top five America's College Entrepreneurs, by *Business Week Magazine*.

**Robert Russell:** Mr. Russell is a seasoned executive with over 25 years of experience as a director and/or officer of public and private enterprises. He is a graduate of the Executive Program at Yale University School of Management. Most recently, Mr. Russell served as the CEO in Residence at the University of Strathclyde in Glasgow, Scotland. Mr. Russell has also served as the CEO at ITA Holdings (NASDAQ:ITAH) a holding company for import/export technology, Ravisent Technologies Inc. (NASDAQ:RVST) a software and intellectual property licensing company, Axeda Corp., a cloud-based service and software company, and Thomson Learning, a division of The Thomson Corporation, an information business and solutions company.

*Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Other than as set forth below, no nominee, director, officer, Insider or Promoter of the Company, or any shareholder holding sufficient securities of the Company to affect materially the control of the Company, has within the last 10 years, been a director, officer, Insider or Promoter of any reporting issuer that was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days that was issued while such person was acting in that capacity, or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person, while such person was acting in that capacity or within a year of that person ceasing to act in that capacity.

On December 3, 2008, Merit Mining Corp., a company from which Robert McMorran had resigned his offices, but which he had within the prior 12 months been the Chief Financial Officer of, filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act. On April 14, 2009, unsecured creditors approved the Proposal and on May 6, 2009, the Supreme Court of British Columbia made an Order approving the Proposal.

In addition, no proposed director has, within the 10 years before the date of this document, become 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.

*Proposed Resolution*

At the Meeting, the Shareholders will be asked to approve the following by ordinary resolution:

**“BE IT RESOLVED THAT:**

1. The size of the board of directors of the Company is increased to seven;
2. Having consented to act, each of Gunther Roehlig, Robert McMorran and Gavin McMillan are re-elected as directors of the Company until the next annual general meeting; and
3. Having consented to act, each of Michael Staw, Ken Kennedy, Robert Russell and Daniel Schultz (the “**Proposed Directors**”) are elected as directors of the Company until the next annual general meeting,

provided that the foregoing increase in the size of the board of directors and election of the Proposed Directors are conditional and effective only upon (i) approval of the TSX Venture Exchange for the Company’s COB (as defined in the Information Circular) and (ii) the completion of the Continuation and Name Change (as defined in the Information Circular).”

**B. RATIFICATION OF 10% “ROLLING” STOCK OPTION PLAN**

The Company has a “rolling” stock option plan (the “Plan”) whereby a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The Plan was most recently ratified by Shareholders at the last Annual General Meeting held on February 25, 2011.

There are issued and outstanding 35,829,143 shares of the Company on the date of this circular. Based on that number, there are 3,582,914 shares that may be purchased under the Plan. Currently, there are 69,000 options outstanding to purchase shares, leaving 3,513,914 options available for grant at this time.

The Plan provides that it is solely within the discretion of the Board of Directors (the “Board”) to determine which directors and employees may be awarded options under the Plan. The Board may also, in its sole discretion, grant the majority of the options to insiders of the Company.

Options granted under the Plan will be for a term not exceeding ten years. Subject to such other terms or conditions that may be attached to the particular option granted, an option shall only be exercisable so long as the optionee shall continue to hold office or to be an employee or consultant of the Company and shall, unless terminated earlier, or extended by the Board, terminate at the close of business on the date which is no later than 90 calendar days after cessation of office or no later than 30 calendar days after the cessation of the person as an investor relations employee or consultant.



The options will be exercisable at a price which is not less than the Market Price (as defined in the policies of the Exchange) of the Company's shares at the time the shares are granted. The options will be non-assignable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death.

Shares will not be issued pursuant to options granted under the Plan until they have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their options.

Under the policies of the TSX Venture Exchange, all "rolling" stock option plans must be approved and ratified by shareholders on an annual basis. As such, at the Meeting, the Shareholders of the Company will be asked to pass an ordinary resolution ratifying the Plan. All shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on such resolution. Unless otherwise directed, the persons named in the enclosed Proxy intend to vote for the approval of the Plan.

The text of the proposed resolution is as follows:

"IT IS RESOLVED THAT:

- (i) The Company's Stock Option Plan (the "Plan") as presented to the Meeting be and it is hereby reapproved until the next annual general meeting of the Company;
- (ii) the Board of Directors, by resolution, be authorized to make such amendments to the Plan, from time to time, as may, in its discretion, be considered appropriate, provided always that such amendments be subject to the approval of all applicable regulatory authorities; and
- (iii) any one or more of the directors or senior officers of the Company be and he or she is hereby authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company, or otherwise, all such documents and other writings, as may be required to give effect to the true intent of this Resolution."

The full text of the Plan will be available for review at the Meeting.

### **C. CORPORATE CONTINUANCE AND NAME CHANGE**

The board of directors of the Company has determined that it is in the best interests of the Company and its Shareholders to change the name of the Company to a name approved by the Board (the "**Name Change**") and continue the Company from the jurisdiction of the Province of Alberta to the jurisdiction of British Columbia (the "**Continuance**") pursuant to the *Business Corporations Act (British Columbia)* (the "BCBCA") (collectively the "**Continuance and Name Change Resolution**"). It is intended to approve the proposed name change with the continuance resolution for administrative convenience and to minimize regulatory and legal fees to be paid by the Company.

Management believes that neither the Continuance nor the Name Change will materially adversely affect the rights of the shareholders of the Company or the conduct of the business and affairs of the Company.

### **Procedure in Alberta for the Continuance**

In order for the Continuance from the Province of Alberta to the jurisdiction of British Columbia to become effective:

1. The shareholders must authorize by special resolution, (requiring approval of a sixty-six and two-thirds (66 $\frac{2}{3}$ %) percent majority of the votes cast at the Meeting) the application by the Company to Alberta Registries under the *Business Corporations Act* (Alberta) (the "ABCA") requesting that the Company be continued as if it had been incorporated under the laws of British Columbia;
2. The Company must receive approval of the Continuance application and a letter of approval from Alberta Registries under the ABCA;
3. The Registrar of Companies under the BCBCA must approve the proposed Continuance from Alberta;
4. The Exchange must approve the Continuance;
5. On the date shown on the Certificate of Continuance issued by the Registrar under the BCBCA, the Company should become a corporation registered under the laws of the British Columbia as if it had been incorporated under the laws of British Columbia;
6. The Company must file the Certificate of Continuance with the Registrar of Companies under the ABCA; and
7. On the date shown on the Certificate of Continuance, the Company becomes an extra-provincial corporation under the ABCA.

On the effective date of the Continuance, holders of Common Shares will continue to hold one Common Share of the Company for each common share currently held. Existing Common Shares representing shares of the Company's stock will not be cancelled. The principal attributes of the Common Shares of the Company will be identical to the corresponding shares of the Company other than differences in shareholders rights under the ABCA and under the BCBCA.

Assuming that the Continuance and Name Change Resolution is approved by the Company's shareholders at the Meeting, it is expected that an application for Continuance will be filed with Alberta Registries, and the procedures outlined above will begin as soon as practicable thereafter in order to give effect to the Continuance.

As of the effective date of the Continuance, the election, duties, resignations and removal of the Company's directors and officers shall be governed by the laws of British Columbia, the Articles of Continuance and the Articles of the Company.

As of the effective date of the Continuance, the legal domicile of the Company will be the Province of British Columbia, and the Company will no longer be subject to the provisions of the ABCA.

By operation of law under the laws of British Columbia, as of the effective date of the Continuance, all of the assets, property, rights, liabilities and obligations of the Company immediately prior to the Continuance will continue to be the assets, property, rights, liabilities and obligations of the Company after the Continuance.

### **Comparison of the ABCA and the BCBCA**

The Company was incorporated on and is subject to the provisions of the ABCA. The ABCA differs from the provisions of the applicable BCBCA but provides the shareholders with certain rights, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions. This summary is not an exhaustive review of the two governing statutes and is of a general nature only. This summary is not intended to be, and should not be construed to be, legal advice to any particular holder of Common Shares of the Company and, accordingly, such holders should consult their own legal advisors with respect to the corporate law consequences to them, if any, of the Continuance.

### *Sale of Company's Undertaking*

The provisions of both the ABCA and BCBCA provide the approval of the sale, lease or exchange of all or substantially all of the undertaking of the Company, other than in the ordinary course of business, requires a special resolution passed by a majority of not less than two-thirds of the votes cast by shareholders who voted in respect of that resolution or if the resolution is signed by all the shareholders entitled to vote on the resolution. Where a class or a series is affected by the sale, lease or exchange of all or substantially all of the property of the Company in a manner different from another class or series, the holders of shares of that class or series are entitled to vote separately as a class or series. Each share of the Company carries the right to vote in respect of the sale, lease or exchange of all or substantially all of the property of the Company whether or not it otherwise carries the right to vote.

### *Amendments to the Charter Documents of the Company*

Under the ABCA, the approval of an amendment to such documents requires a special resolution passed by a majority of not less than two-thirds of the votes cast by shareholders who voted in respect of that resolution or if the resolution is signed by all the shareholders entitled to vote on the resolution. Where a class or a series is affected by the amendment in a manner different from another class or series, the holders of shares of that class or series are entitled to vote separately as a class or series. Each share of the Company carries the right to vote in respect of the amendment whether or not it otherwise carries the right to vote, if the amendment affects the rights or privileges of such shares.

Any substantive change to the corporate charter of a Company under the BCBCA, such as an alteration of the restrictions, if any, of the business carried on by the Company, an increase or reduction of the authorized capital of the Company requires a special resolution passed by not less than two-thirds cast by shareholders voting in person or by proxy at a general meeting of the Company. Other fundamental changes such as an alteration of the special rights and restrictions attached to issued shares or a proposed amalgamation or continuance of the Company out of the

jurisdiction require a special resolution passed by not less than two-thirds cast by the holders of shares of each class entitled to vote at a general meeting of the Company and the holders of all classes of shares adversely affected by an alteration of special rights and restrictions.

*Rights of Dissent and Appraisal*

Under the ABCA shareholders who dissent to certain actions being taken by the Company may exercise a right of dissent and require the Company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the Company in certain circumstances, including when the Company proposes to:

- (a) amend its articles to add, change or remove any provision restricting or constraining the issue or transfer of shares of that class;
- (b) amend its articles to add, change or remove any restrictions on the business or businesses that the Company may carry on;
- (c) amend its articles to add, change or remove any restrictions on the business or businesses that the Company may carry on;
- (d) enter into certain statutory amalgamations;
- (e) continue out of the jurisdiction;
- (f) sell, lease or exchange all or substantially all of its property, other than in the ordinary course of business; or
- (g) amend its articles to add or remove an express statement establishing the unlimited liability of shareholders.

For a further discussion of the shareholders rights and obligations of dissent under the ABCA, see "Right of Dissent".

Although the procedure under BCBCA for exercising rights of dissent differs than the procedure under the ABCA, the BCBCA still provides that shareholders who dissent to certain actions being taken by the Company may exercise a right of dissent and require the Company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where the Company proposes:

- (a) amend its articles to add, change or remove any restrictions on the business or businesses that the Company may carry on;
- (b) adopt an amalgamation agreement;
- (c) continue out of the jurisdiction;
- (d) sell, lease or exchange all or substantially all of its property, other than in the ordinary course of business.
- (e) a resolution to approve an amalgamation into a foreign jurisdiction;

- (f) a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (g) any other resolution, if dissent is authorized by the resolution; or
- (h) any court order that permits dissent.

### *Oppression Remedies*

The ABCA contains rights that are expressed to be available to a larger class of complainants, a registered or beneficial shareholder, former registered or beneficial shareholder, director, former director, officer, or former officer of the Company or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order to rectify the matters complained of where, in respect of the Company or any of its affiliates, any act or omission of the Company or any of its affiliates affects a result, or the business or affairs of the Company or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the Company or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any securityholder, creditor, director or officer.

Under the BCBCA a shareholder of the Company, or any other person whom the court considers to be an appropriate person to make an application, has the right to apply to court on the grounds that:

- (a) the affairs of the Company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or
- (b) some act of the Company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit including an order to prohibit any act proposed by the Company.

### *Shareholder Derivative Actions*

A right to bring a derivative action is contained in the ABCA and this right extends to a registered or beneficial shareholder, former registered or beneficial shareholder, director, officer, former director, former officer or a creditor of the Company or any of its affiliates or any other person, who in the discretion of the court is a proper person to make application may, with leave of the court, bring a derivative action in the name and on behalf of the Company or any of its subsidiaries or intervene in an action to which the Company or any of its subsidiaries is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the Company or subsidiary. No leave may be granted unless the court is satisfied that:

- (a) the complainant has given reasonable notice to the directors of the Company or its subsidiary of the complainant's intention to apply to the court if the directors of the Company or its subsidiary do not bring, diligently prosecute, defend or discontinue the action, unless all of the directors of the Company or its subsidiary have been named as defendants;

- (b) the complainant is acting in good faith; and
- (c) it appears to be in the interests of the Company or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Under the BCBCA, a shareholder or director of the Company may, with leave of the court, prosecute a legal proceeding in the name and on behalf of the Company to enforce a right, duty or obligation owed to the Company that could be enforced by the Company itself or to obtain damages for any breach of such a right, duty or obligation.

#### *Place of Meetings*

The ABCA provides that meetings of shareholders must be held in Alberta, unless all shareholders entitled to vote at that meeting so agree or, if the articles so provide, meetings of shareholders may be held outside Alberta.

Under the BCBCA, general meetings of shareholders are to be held in British Columbia or may be held, at a location outside of British Columbia if:

- (a) the location is provided for in the articles;
- (b) the articles do not restrict the Company from approving a location outside of British Columbia, the location is approved by the resolution required by the articles for that purpose (in the case of the Company, may approved by directors' resolution), or if no resolution is specified then approved by ordinary resolution before the meeting is held; or
- (c) the location is approved in writing by the Registrar of Companies before the meeting is held.

#### *Directors*

The ABCA also requires that the Company, as a distributing corporation whose shares are held by more than one person, have a minimum of three directors but it also requires that at least one-quarter of the directors be resident Canadians. In addition, the ABCA requires that at least two of the directors not be officers or employees of the Company or its affiliates if it is a distributing corporation.

The BCBCA provides that the Company, as a reporting corporation, must have a minimum of three directors and does not impose any residency requirements on the directors.

#### *Requisition of Meetings*

Both the ABCA and the BCBCA provide that one or more shareholders of the Company holding not less than 5% of the issued voting shares may give notice to the directors requiring them to call and hold a general meeting of the Company.

#### *Form of Proxy and Information Circular*

Both the ABCA and the BCBCA require a distributing corporation to provide notice of a general meeting and a form of proxy for use by every shareholder entitled to vote at such meeting as well as

an information circular containing prescribed information regarding the matters to be dealt with at and the conduct of the meeting.

### **Further Information**

For further information regarding the similarities and differences between the ABCA and the BCBCA, Shareholders should consult their legal advisors and refer to the statutes, copies of which will be available at the Company's office, 1750-999 West Hastings Street, Vancouver, BC, during normal business hours up to and including the date of the Meeting.

### **Shareholder Approval**

In accordance with the ABCA, the Continuance and Name Change Resolution must be approved by a majority of not less than two-thirds of the votes cast at the Meeting on the resolution in respect of same. The Name Change and the Continuance are also subject to the approvals of the Alberta Registries under the ABCA and the Registrar under the BCBCA.

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to approve the Continuance and Name Change Resolution, with or without variation, as follows:

"BE IT RESOLVED as a special resolution of the shareholders of the Company that:

1. the continuance of the Company under the *Business Corporations Act (British Columbia)* with a name as approved by the Board of Directors of the Company as if it had been incorporated thereunder is hereby approved;
2. the Articles of Continuance as approved by the Board of Directors of the Company (or in such other form as the Director under the *Business Corporations Act (British Columbia)* may accept) be and are hereby approved in such form, with such amendments thereto as the director or officer executing the same may approve, such approval to be conclusively evidenced by his signature thereto;
3. any one director or officer of the Company be and is hereby authorized for, and on behalf of the Company, to execute and deliver all documents and instruments and to take such other actions as such individual may determine to be necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and
4. the directors in their discretion may abandon the application for change of name or continuance without further approval of the shareholders at any time prior to the

issuance of the Article of Continuance under the *Business Corporations Act* (Alberta) or issuance of a Certificate of Continuance under the *Business Corporations Act* (British Columbia)."

The persons named as proxyholders in the accompanying Instrument of Proxy furnished by the Company intend, unless otherwise directed, to vote in favour of the Continuance and Name Change Resolution.

**The board of directors of the Company unanimously recommends that the Shareholders of the Company vote in favour of the Continuance and Name Change Resolution. The Continuance and Name Change Resolution requires approval of 66<sup>2</sup>/<sub>3</sub>% of the votes cast by holders of Common Shares in person or in proxy at the Meeting in respect thereof. The persons appointed on the form of proxy furnished by the Company will vote such proxies, unless directed to the contrary, in favour of the special resolution approving the change of name of the Company.**

Notwithstanding the approval of the Continuance and Name Change Resolution, the board of directors of the Company may, if determined to be in the best interests of the Company, abandon the Continuance and Name Change application without the approval of the Shareholders at any time prior to the completion of the Name Change or the issuance of the Certificate of Continuance under the BCBCA, including in the event that the Company anticipates substantial cost to the Continuance as a result of the exercise of dissent rights, if any.

**As set out in the Information Circular, the holders of Common Shares of the Company have the right to dissent to the Name Change or Continuance under Section 191 of the ABCA. See "Right of Dissent".**

### **Rights of Dissent**

The following is a summary of a registered shareholder's dissent and appraisal rights in respect of the Continuance and Name Change Resolution.

The following is a summary only of the comprehensive procedures to be followed by a shareholder who seeks such dissent and appraisal rights and is qualified in its entirety by reference to the full text of Section 191 of the ABCA (the "Dissent Provisions") which is attached to this Information Circular at Schedule "B". Any registered shareholder who intends to exercise the right of dissent and appraisal should carefully consider and comply with the provisions of Section 191. Failure to strictly comply with the Dissent Provisions and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Only registered holders of Common Shares may dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that they may only do so through the registered owner of such securities. A registered holder, such as a broker, who holds Common Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the Common Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Common Shares covered by it.



Pursuant to the Dissent Provisions, registered shareholders who dissent in respect of the Continuance and Name Change Resolution and comply with the applicable statutory requirements (a "**Dissenting Shareholder**") are generally entitled to be paid the fair value of the Common Shares held by such holder in respect of which such holder dissents (the "**Dissented Shares**"), determined as of the close of business on the last business day before the day on which the Continuance and Name Change Resolution is adopted. A Dissenting Shareholder must send to the Company a written objection (a "**Notice of Dissent**") to the Continuance and Name Change Resolution, which written objection must be received by the Chief Financial Officer of the Company at its registered office, before the Meeting or by the Chairman of the Meeting at or before the Meeting. A Dissenting Shareholder who intends to dissent is not precluded from voting on the Continuance and Name Change Resolution, but, if a Shareholder votes in favour of the Continuance and Name Change Resolution, he or she cannot also exercise dissent rights with respect to each resolution voted in favour. A vote against the Continuance and Name Change Resolution, or the execution or exercise of a proxy in agreement therewith, does not constitute a valid Notice of Dissent under the Dissent Provisions.

An application may be made to the Court of Queen's Bench of Alberta (the "**Court**") by the Company or by a Dissenting Shareholder to fix the fair value of the Dissented Shares. If such an application to the Court is made by the Company or a Dissenting Shareholder, the Company must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the board of directors of the Company to be the fair value of the Dissented Shares. The offer, unless the Court otherwise orders, must be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable if the Company is the applicant, or within 10 days after the Company is served with a notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with the Company for the purchase of that holder's Dissented Shares, in the amount of the offer made by the Company or otherwise, at any time before the Court pronounces an order fixing the fair value of the Dissented Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Dissented Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against the Company and in favour of each of those Dissenting Shareholders, and fixing the time within which the Company must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Shareholder ceases to have any rights as a Shareholder, until the date of payment.

Upon the Continuance and Name Change Resolution becoming effective, or upon the making of an agreement between the Company and the Dissenting Shareholder as to the payment to be made by the Company to the Dissenting Shareholder, or upon the pronouncement of a Court Order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a Shareholder of the Company other than the right to be paid the fair value of such holder's Dissented Shares, in the amount agreed to between the Company and the Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw his

dissent, or the Company may rescind the Continuance and Name Change Resolution, and in any event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

The Company shall not make a payment to a Dissenting Shareholder under the Dissent Provisions if there are reasonable grounds for believing that the Company is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of the Company would thereby be less than the aggregate of its liabilities. In such event, the Company shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their Dissented Shares in which case the Dissenting Shareholders may, by written notice to the Company, within thirty days after receipt of such notice, withdraw such holders' written objection, in which case the Company shall be deemed to consent to the withdrawal and such Dissenting Shareholder shall be reinstated with full rights as a Shareholder of the Company, failing which, such Dissenting Shareholder retains a status as a claimant against the Company to be paid as soon as the Company is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company, but in priority to its shareholders.

All Common Shares held by Shareholders who exercise their right of dissent will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to the Company and cancelled in exchange for such fair value.

MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

**APPROVAL OF THE DIRECTORS**

The directors of the Company have approved the content and the sending of this circular.

Dated at Vancouver, British Columbia, this 13<sup>th</sup> day of July, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS**

**DIGIFONICA INTERNATIONAL INC.**

*“Gunther Roehlig”*

**Gunther Roehlig,  
President & CEO**

## **SCHEDULE “A”**

### **AUDIT COMMITTEE DISCLOSURE (FORM 52-110F2)**

#### *ITEM 1: AUDIT COMMITTEE CHARTER*

##### **MANDATE**

The primary function of the audit committee (the “Committee”) of Digifonica International Inc. (the “Company”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors (the “Auditor”).
- Provide an open avenue of communication among the Company’s auditors, management and the Board of Directors.

##### **COMPOSITION, PROCEDURES AND ORGANIZATION**

The Committee shall consist of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be executive officers or employees of the Company or of an affiliate of the Company. At least one (1) member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain working familiarity with basic finance and accounting practices. For the purposes of this Charter, the term “financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate.

The Board of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

##### **MEETINGS OF THE COMMITTEE**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give the Committee members 24 hours’ advance notice of each meeting and the matters to be discussed at such meeting. Notice may be given personally, by telephone, by facsimile or e-mail.

The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee determines it to be necessary or appropriate, at any other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium other than telephone are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

The Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities.

## **RESPONSIBILITIES AND DUTIES**

To fulfil its responsibilities and duties, the Committee shall:

1. Review the Company's financial statements, including any certification, report, opinion, or review rendered by the Auditor, MD&A and any annual and interim earnings press releases before the Company publicly discloses such information.
2. Review and satisfy itself that adequate procedures are in place and review the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.
3. Be directly responsible for overseeing the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Company.
4. Require the Auditor to report directly to the Committee.
5. Review annually the performance of the Auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
6. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor.

7. Take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the Auditor.
8. Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the Auditor for the ensuing year and the compensation for the Auditors, or, if applicable, the replacement of the Auditor.
9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditors of the Company.
10. Review with management and the Auditor the audit plan for the annual financial statements.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services provided by the Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - a. the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the Auditor during the fiscal year in which the non-audit services are provided;
  - b. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - c. such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set forth in this section provided the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

12. In consultation with the Auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
13. Consider the Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
14. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the Auditor and management.
15. Review significant judgments made by management in the preparation of the financial statements and the view of the Auditor as to the appropriateness of such judgments.

16. Following completion of the annual audit, review separately with management and the Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
17. Review any significant disagreement among management and the Auditor in connection with the preparation of the financial statements.
18. Review with the Auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
19. Discuss with the Auditor the Auditor's perception of the Company's financial and accounting personnel, any material recommendations which the Auditor may have, the level of co-operation which the Auditor received during the course of their review and the adequacy of their access to records, data or other requested information.
20. Maintain, review and update the procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as set forth in Annex A attached to this Charter.
21. Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
22. Report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee.
23. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

## **AUTHORITY**

The Committee is authorized to:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to engage, at the Company's expense, independent legal counsel or other professional advisors in any matter within the scope of the role and duties of the Committee under this Charter;
- to set and pay compensation for any advisors engaged by the Committee; and
- to communicate directly with the internal and external auditors of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.

*ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE*

The current members of the audit committee (the “Committee”) are Gunther Roehlig, Robert McMorran and Gavin McMillan. Messrs Roehlig and McMorran are the CEO & President and CFO, respectively, of the Company and thus not considered “independent” as that term is defined in Multilateral Instrument 52-110 (the “Instrument”). Gavin McMillan previously served as CEO & President but in an interim fashion and is thus considered “independent” as that term is defined in the Instrument. All current members of the Committee are considered to be “financially literate” as that term is defined in the Instrument.

*ITEM 3: RELEVANT EDUCATION AND EXPERIENCE*

All of the members of the Committee are considered “financially literate” as that term is defined in the Instrument, in that they have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto.

*ITEM 4: AUDIT COMMITTEE OVERSIGHT*

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

*ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS*

Since the effective date of the Instrument, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that an 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 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 the Instrument, in whole or in part.

*ITEM 6: PRE-APPROVAL OF POLICIES AND PROCEDURES*

Formal policies and procedures for the engagement of non-audit services have not been formulated or adopted by the Committee. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Company’s Board of Directors, and where applicable by the Committee, on a case by case basis.

*ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)*

The aggregate approximate fees charged to the Company by the external auditor in each of the last two fiscal years is as follows:



	<b>2010</b>	<b>2009</b>
Audit fees for the years ended	\$17,500	\$20,000
Audit related fees	\$nil	\$nil
Tax fees	\$nil	\$nil
All other fees (non-tax)	\$5,355	\$6,955
<b>TOTAL FEES</b>	<b>\$22,855</b>	<b>\$26,955</b>

*ITEM 8: EXEMPTION*

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

**ANNEX A**

**PROCEDURES FOR THE SUBMISSION OF  
COMPLAINTS AND CONCERNS REGARDING  
ACCOUNTING, INTERNAL ACCOUNTING CONTROLS OR  
AUDITING MATTERS**

1. Digifonica International Inc. (the “Company”) has designated its Audit Committee of its Board of Directors (the “Committee”) to be responsible for administering these procedures for the receipt, retention, and treatment of complaints received by the Company or the Committee directly regarding accounting, internal accounting controls, or auditing matters.
2. Any employee of the Company may on a confidential and anonymous basis submit concerns regarding questionable accounting controls or auditing matters to the Committee by setting forth such concerns in a letter addressed directly to the Committee with a legend on the envelope such as “Confidential” or “To be opened by Committee only”. If an employee would like to discuss the matter directly with a member of the Committee, the employee should include a return telephone number in his or her submission to the Committee at which he or she can be contacted. All submissions by letter to the Committee can be sent to:

Digifonica International Inc.  
1750 – 999 West Hastings Street  
Vancouver, BC V6C 2W2
3. Any complaints received by the Company that are submitted as set forth herein will be forwarded directly to the Committee and will be treated as confidential if so indicated.
4. At each meeting of the Committee, or any special meetings called by the Chairperson of the Committee, the members of the Committee will review and consider any complaints or concerns submitted by employees as set forth herein and take any action it deems necessary in order to respond thereto.
5. All complaints and concerns submitted as set forth herein will be retained by the Committee for a period of seven (7) years.

## **SCHEDULE "B"**

### **SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA):**

- 191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right he may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
  - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5)

- to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section.
- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
  - (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
    - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
    - (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.
  - (9) Every offer made under subsection (7) shall
    - (a) be made on the same terms, and
    - (b) contain or be accompanied with a statement showing how the fair value was determined.
  - (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
  - (11) A dissenting shareholder
    - (a) is not required to give security for costs in respect of an application under subsection (6), and
    - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
  - (12) In connection with an application under subsection (6), the Court may give directions for
    - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
    - (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
    - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
    - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
    - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
    - (f) the service of documents, and

- (g) the burden of proof on the parties.
- (13) On an application under subsection (6), the Court shall make an order
- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders, and
  - (c) fixing the time within which the corporation must pay that amount to a shareholder.
- (14) On:
- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
  - (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
  - (c) the pronouncement of an order under subsection (13);
- whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.
- (15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).
- (16) Until one of the events mentioned in subsection (14) occurs,
- (a) the shareholder may withdraw the shareholder's dissent, or
  - (b) the corporation may rescind the resolution,
- and in either event proceedings under this section shall be discontinued.
- (17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.
- (18) If subsection (20) applies, the corporation shall, within 10 days after
- (a) the pronouncement of an order under subsection (13), or
  - (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,
- notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed

to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

- (20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
  - (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.