

VISUALVAULT CORPORATION
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
To be held December 7, 2012

NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR

November 13, 2012

VISUALVAULT CORPORATION
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of the shareholders of VisualVault Corporation (the “**Corporation**”) will be held in the Spanish Banks Boardroom, 2nd Floor, 510 Burrard Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on Friday, December 7, 2012 (the “**Meeting**”), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended May 31, 2012, together with the report of the auditors thereon;
2. to elect the directors of the Corporation;
3. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution re-appointing Buckley Dodds Parker LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration of the auditors, as more particularly set out in the accompanying management information circular;
4. to consider and, if thought appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Corporation to consolidate the outstanding common shares of the Corporation on a one (1) new common share for every two (2) outstanding common shares basis, with the directors authorized to determine the final consolidation basis within such range;
5. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution authorizing the adoption by the Corporation of a new stock option plan, including the reservation for issuance under the new stock option plan at any time of a maximum of 10% of the issued and outstanding shares of the Corporation; and
6. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Details of the foregoing matters are contained in the accompanying management information circular of the Corporation.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, **Computershare, 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9 (Attention: Proxy Department), on or before 10:00 a.m. (Vancouver time) on December 5, 2012**, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used, or by delivering it to the Chair of the Meeting before the time of voting on the day of the Meeting or any adjournment thereof.

DATED: November 13, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Van Potter*”
Chief Executive Officer

These security holder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner and the issuer 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 issuer (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.

VISUALVAULT CORPORATION

MANAGEMENT INFORMATION CIRCULAR

As at November 13, 2012

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of VisualVault Corporation (“VVT” or the “Corporation”) for use at the annual and special meeting (the “Meeting”) of shareholders of the Corporation to be held in the Spanish Banks Boardroom, 2nd Floor, 510 Burrard Street, Vancouver, British Columbia on December 7, 2012 at 10:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Solicitations may be made by mail and supplemented by telephone or other personal contact by the officers, employees or agents of the Corporation without special compensation. Pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the common shares of the Corporation (the “Shares”). The cost of any such solicitation will be borne by the Corporation.

The Board of Directors of the Corporation has fixed the record date for the Meeting to be the close of business on **November 7, 2012** (the “**Record Date**”). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers his or her Shares after the Record Date and the transferee of those Shares establishes that he or she owns Shares and demands, not later than 1:00 p.m. (Toronto time) on November 27, 2012 (being 10 days before the Meeting) that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend and represent him or her at the Meeting, other than those persons named in the enclosed form of proxy. A shareholder who wishes to appoint some other person to present him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy, or by completing another proper form of proxy. A form**

of proxy will not be valid unless it is completed, dated, signed and delivered to the office of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. (“**Computershare**”), 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A proxy may be revoked by depositing an instrument in writing, executed by the shareholder or his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation at the office of Computershare, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used.

In addition, a proxy may be revoked by the shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "Voting of Proxies", or by the shareholder personally attending the Meeting or any adjournment thereof and voting his or her Shares. Any revocation made or delivered at the Meeting or any adjournment thereof shall be valid only with respect to matters not yet dealt with at the time such revocation is received by the Chairman or the Scrutineer of the Meeting.

VOTING OF PROXIES

All Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote IN FAVOUR of:**

- (i) The election of directors;**
- (ii) The appointment of auditors;**
- (iii) The resolution authorizing the consolidation of the Shares on the basis of one new Share for every two old Shares (the “Consolidation”); and**
- (iv) The resolution authorizing the use of the incentive stock option plan of the Corporation (the “Stock Option Plan”) in compliance with Policy 4.4 – *Incentive Stock Options* of the TSX Venture Exchange (“TSXV”).**

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of Computershare, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Shares beneficially owned by a person (a **“Non-Registered Holder”**) are registered either (i) in the name of an intermediary (an **“Intermediary”**) that the Non-Registered Holder deals with in respect of the Shares, such as securities dealers or brokers, banks, trust companies, and trustees, as administrators of self-administered RRSPs, RRIFs, RESPs, and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with NI 54-101, the Corporation has distributed copies of the notice of meeting and this Circular (**collectively, the “Meeting Materials”**) to the clearing agencies and Intermediaries, for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (**often called a “voting instruction form”**) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The Non-Registered Holder will generally be given a page of instructions which contains a removable label containing a bar code and other information. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the computerized form, properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number, or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

In either case, the purpose of these procedures is to permit the Non-Registered Holder to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare at the address set out above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Shares, of which 28,133,854 Shares are issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Share held. The Corporation is also authorized to issue an unlimited number of preferred shares, which preferred shares may be issued in series. The directors of the Corporation shall determine the special rights and restrictions attached to each series of shares prior to issuance of shares in any series. Currently, no preferred shares have been issued and no special rights and restrictions have been determined for such shares. It is contemplated that based upon the Related Transactions disclosed herein, that up to 8,000,000 preferred shares will be issued, each at a par value of \$1.00 per share that will convert into common shares at the election of the holder and carry certain accruing dividend entitlement.

The holders of Shares of record at the close of business on the record date, set by the directors of the Corporation to be November 7, 2012 (the “**Record Date**”), are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

1. such person transfers his or her Shares after the Record Date; and
2. the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Shares.

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, the following persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Shares of the Corporation. Information as to the number of Shares beneficially owned, directly or indirectly or over which control or direction is exercised by the individuals noted below is in each case based upon information furnished by the individual and is as at November 7, 2012.

Shareholder and Municipality of Residence	Number of Shares	Percentage of Shares
Van Potter, Scottsdale, Arizona	5,503,369 Shares	19.6%
Brian Cameron, Phoenix Arizona	4,873,463 Shares	17.3%

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (i) the receipt of the financial statements and auditors' report thereon; (ii) the election of directors; (iii) the appointment of auditors; (iv) the consolidation of the Corporation's share capital on the basis of one new Share for every two old Shares; and (v) the approval of the Corporation's Stock Option Plan.

I. Presentation of the Audited Annual Financial Statements

The audited annual financial statements of the Corporation for the fiscal year ended May 31, 2012 and the report of the auditors thereon will be presented to shareholders at the Meeting. The financial statements and the auditors' report thereon are available on SEDAR under the Corporation's profile at www.sedar.com.

II. Election of Directors

The board of directors of the Corporation (the “**Board**”) presently consists of five (5) directors, all of whom are elected annually. It is proposed that the number of directors for the ensuing year also be fixed at five (5). It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the articles of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) or the Corporation's articles. It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table sets out the names of persons proposed to be nominated by management for election as a director; all positions and offices in the Corporation held by them; their principal occupation for the last five years; the periods during which they have served as a director; and the number of Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised, as of the date hereof. Each director elected will hold office until the next annual meeting of the Corporation, unless his office is earlier vacated in accordance with the articles of the Corporation or becomes disqualified to act as a director.

Name of Proposed Nominees, Municipality of Residence and Proposed Position with the Corporation	Director Since	Principal Occupation During Last Five Years	Number of Shares Beneficially Owned or Controlled
Van Potter Scottsdale, AZ Chief Executive Officer and Director	January 25, 2012	President of Advantive Information Management Inc. and CEO and President of the Corporation	5,503,369 Shares
Brian Cameron Phoenix, AZ Chief Financial Officer and Director	January 25, 2012	Principal of Cameron & Associates; CFO Data Preseve, Inc., CFO of the Corporation Corporation, CFO Canadian Data Preserve, Inc. Business Development – Canadian National Stock Exchange Southwest USA	4,873,463 Shares
John Ragan ⁽¹⁾ Phoenix, AZ Director	January 25, 2012	Principal of TPI Composites	Nil
Brent Bollong ⁽¹⁾ Mesa, AZ Director	January 25, 2012	President of Auersoft LLC	Nil
Jack Saltich Scottsdale, AZ Director	June 30, 2012	Retired senior executive, Chairman and Compensation Committee of multiple private and public companies	23,810 Shares

Notes:

Member or proposed member of the Audit Committee. Mr. Ragan is the Chairman of the Audit Committee.

Management recommends voting for the resolution to elect the nominated directors.

As at the date hereof, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 10,582,545 Shares or approximately 37.6% of the issued and outstanding Shares. 2,400,000 post-Consolidation Shares have been reserved for issuance to the directors and officers of the Corporation in respect of granting stock options pursuant to the Stock Option Plan (the “**Options**”). See “Executive Compensation - Incentive Stock Option Plan”.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as otherwise disclosed in this Circular, to the best of the Corporation’s knowledge, none of the Corporation’s directors, officers, or shareholders holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation is, or during the ten years preceding the date of this Circular, has been a director or officer of any issuer that, while the person was acting in that capacity:

- a) was the subject of a cease trade order or similar order, or an order that denied such issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of the Corporation’s knowledge, no director, officer, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

Except as otherwise disclosed in this Circular, to the best of the Corporation’s knowledge, during the ten years preceding the date of this Circular, no director, officer, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, 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 individual.

III. Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the appointment of Buckley Dodds Parker LLP, Chartered Accountants, of Vancouver, British Columbia, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix

the auditors' remuneration. Buckley Dodds Parker LLP were first appointed auditors of the Corporation in 2011.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Management recommends voting for the resolution to appoint Buckley Dodds Parker LLP, Chartered Accountants, as the Corporation's auditors and to authorize the Board to fix their remuneration.

IV. Share Consolidation

Background

At the Meeting, shareholders will be asked to approve a special resolution to authorize the Consolidation. In order to be effective, the Consolidation resolution must be approved by at least two-thirds of the shareholder votes cast at the Meeting and be accepted by the Canadian National Stock Exchange (the "CNSX").

The Board has determined that the Corporation's existing share structure is not conducive to securing additional equity financing and completing the related re-capitalization transactions, each as described below (the "**Related Transactions**"). While shareholder approval is not required for the Related Transactions, the Consolidation is being undertaken in connection with, and is a condition precedent to, the Related Transactions.

Principal Effects of the Consolidation

As of November 7, 2012, there are 28,133,854 Shares issued and outstanding. Following completion of the proposed Consolidation, the number of Shares of the Corporation issued and outstanding will be 14,066,927.

As the Corporation currently has an unlimited number of Shares authorized for issuance, the Consolidation will not have any effect on the number of Shares that remain available for future issuances. The Shares reserved for issuance pursuant to the Stock Option Plan will be reduced proportionately.

The Consolidation may result in some shareholders owning "odd lots" of less than 500 Shares of the Corporation on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "board lots" of even multiples of 500 shares. Brokerage commissions and other costs of transactions in odd lots are often higher than the costs of transactions in "roundlots" of even multiples of 500 shares.

The Consolidation will not give rise to a capital gain or loss under the *Income Tax Act* (Canada) for a shareholder who holds such Shares as capital property. The adjusted cost base to the shareholder of the new Shares immediately after the Consolidation will be equal to the aggregate adjusted cost base to the shareholder of the old Shares immediately before the Consolidation.

Certain Risks Associated with the Consolidation

There can be no assurance that the total market capitalization of the Shares (the aggregate value of all Shares at the then market price) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Shares following the Consolidation will remain higher than the per share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation, and the liquidity of the Shares could be adversely affected.

Procedure for Consolidation

Promptly after the completion of the Consolidation, the Corporation will give written notice thereof to all registered shareholders of the Corporation and will provide them with a form of a letter of transmittal to be used for the purpose of surrendering their certificates representing the currently outstanding Shares to the Corporation's registrar and transfer agent in exchange for new share certificates representing whole post-Consolidation Shares of the Corporation. After the Consolidation, current issued share certificates representing pre-Consolidation Shares of the Corporation will: (i) not constitute good delivery for the purposes of trades of post-Consolidation Shares; and (ii) be deemed for all purposes to represent the number of post-Consolidation Shares to which the shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his, her or its current issued certificates.

Effect on Fractional Shares

No fractional Shares of the Corporation will be issued upon the Consolidation. All fractions of post-Consolidation Shares will be rounded down to the next lowest whole number.

Percentage Shareholdings

The Consolidation will not affect any shareholder's percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Shares. Instead, the Consolidation will reduce proportionately the number of Shares held by all shareholders.

Implementation

The implementation of the special resolution is conditional upon the Corporation obtaining the necessary regulatory consents. The special resolution provides that the Board of Directors is authorized, in its sole discretion, to determine not to proceed with the proposed Consolidation, without further approval of the Corporation's shareholders.

Effect on Non-registered Shareholders

Non-registered shareholders holding their Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for registered shareholders. If you hold your Common Shares with such a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

Related Transactions

As discussed above, the Consolidation is being undertaken in connection with the Related Transactions. **SHAREHOLDERS ARE NOT REQUIRED TO APPROVE THE RELATED TRANSACTIONS.** However, the Related Transactions are key components of the Corporation's growth plan and strategy, as recommended by management and approved by the Board. Failure to approve the Consolidation would prevent the Corporation from consummating the Related Transactions. In order to assist shareholders in their consideration of the resolution to approve the Consolidation, the Corporation has provided shareholders with an overview and summary of the Related Transactions below. Shareholders are cautioned that the following is only a summary of the key terms of the Related Transactions and does not purport to be an exhaustive description of every aspect of the Related Transactions.

Brokered Private Placement

Following the Consolidation, the Corporation intends to complete a brokered private placement of up to 8,000,000 units (each a "Unit") of the Corporation at a price of \$1.00 per Unit for aggregate proceeds of up to \$8,000,000 (the "Offering"). Each Unit will consist of one voting preferred share of the Corporation (a "Preferred Share") and one-half of one post-Consolidation Share purchase warrant (each whole warrant, a "Warrant"), with each Warrant entitling the holder thereof to acquire one Share at an exercise price of \$0.60 per Share at any time prior to 5:00 p.m. (Toronto time) on the date that is two years from the closing of the Offering. Each Preferred Share will have two votes per Preferred Share and will be convertible at any time into two Shares plus declared and unpaid dividends on the basis of \$0.50 per Share (the "1:2 Conversion"). If however the Corporation does not have trailing twelve month audited revenues of \$0.15 per Share (on an as-converted basis) by December 31, 2015, each Preferred Share will be convertible at any time following such date into four Shares plus declared and unpaid dividends on the basis of \$0.25 per Share (in each case of a conversion of unpaid dividends, any fractional Shares that would be issuable upon such conversion will be rounded down to the next whole number). The Offering is on a best efforts basis and is being led by Intrepid Equity Finance Ltd. as the principal agent and by Wildlaw Capital Markets Inc. as the sub-agent (collectively, the "Agents"). Following the completion of the Related Transactions, it is anticipated that the Corporation will apply to list its post-Consolidation Shares on the TSX Venture Exchange (the "TSXV Listing Application").

The conditions to completing the Offering include, among other items, approval from the CNSX and all other required regulatory approvals, Option and Escrow Agreements (as hereinafter defined) and the filing of the TSXV Listing Application in form satisfactory to the Agents.

After deducting expenses of the Related Transactions including the cost to complete the Auersoft Agreement (as hereinafter defined), the Corporation intends to use the net proceeds from the Offering: (i) to support the Corporation's channel partnerships as further detailed below; (ii) to enhance its marketing and sales' infrastructure; and (iii) for general corporate purposes.

Assuming the Offering is fully subscribed, the Preferred Shares are converted pursuant to the 1:2 Conversion and the warrants are exercised, an aggregate of 20,000,000 post-Consolidation Shares will be issued and outstanding pursuant to the Offering, representing 58.71% of the total issued and outstanding post-Consolidation Shares of the Corporation. Assuming the exercise of broker's warrants, an additional 320,000 Shares will be issued pursuant to the Offering, and in aggregate the Shares issued pursuant to the Offering on a fully diluted basis will total 20,320,000 Shares, representing 59.09% of the issued and outstanding post-Consolidation Shares of the Corporation. On a fully diluted basis, assuming the exercise of 1,500,000 currently outstanding warrants and options, the Shares issued pursuant to the Offering will represent 56.62% of the total issued and outstanding Shares of the Corporation.

Auersoft LLC

Pursuant to the terms of the share exchange agreement between the Corporation's predecessor, Manuweb Software Systems Inc., and Visual Vault Technologies Inc. ("**Old VVT**") dated October 14, 2011, the Corporation acquired the shares of Old VVT and assumed the obligations of Old VVT under the terms and conditions of an asset purchase and sale agreement between Old VVT and Auersoft LLC ("**Auersoft**").

On May 1, 2012, the Corporation and Auersoft entered into an amended and restated purchase and sale agreement (the "**ARPSA**"), and an amendment to the ARPSA (the "**AARPSA**" and along with the ARPSA, the "**Auersoft Agreement**") to be dated on or before the Auersoft Closing Date (as hereinafter defined).

The Auersoft Agreement provides for the Corporation's purchase of substantially all the assets of Auersoft for consideration in the aggregate amount of US \$5,586,250 (the "**Auersoft Purchase Price**"), of which US\$500,000 has already been paid. A portion of the Auersoft Purchase Price will be paid in the form of a convertible promissory note (the "**Convertible Note**") to be delivered on December 14, 2012, or such other date as the parties may agree (the "**Auersoft Closing Date**"). At the option of Auersoft, the original principal amount of US \$586,250 owing under the Convertible Note, (the "**Note Amount**") may be converted (the "**Conversion Right**") into 5,862,500 post-Consolidation Shares (the "**Converted Shares**") at any time on or before December 31, 2014. The Note Amount is due on December 31, 2013 and is repayable at any time prior to that date.

If the Conversion Right under the Convertible Note is exercised, the Converted Shares may be subject to other terms and conditions such as escrowing or amended conversion terms negotiated prior to the Auersoft Closing Date. These terms may include the issuance of a lesser number of shares in settlement of the Convertible Note and escrowing provisions that may be based on both time and performance hurdles.

Monument Systems, LLC

On August 8, 2012, the Corporation entered into a letter of intent (the "**Monument LOI**") with an existing customer, Monument Systems, LLC ("**Monument Systems**"), pursuant to which the parties established a formal relationship to develop a business and revenue sharing model whereupon the Corporation's software technology and Monument Systems' channel access can combine to create new products, service offerings and technology applications with defined use cases, all within healthcare vertical markets in the United States and Canada with the potential opportunity of an expansion into Europe, Southeast Asia and South America. Pursuant to the Monument LOI, all technical development, development of forms and other integration tools will be the responsibility of the Corporation and the new application use cases will be identified by Monument Systems. Both Monument Systems and the Corporation will be responsible for developing marketing and sales' strategies and will share the revenues equally after recovery of all costs.

GRM Information Management Services, Inc.

GRM Document Management, another important customer of the Corporation, is a provider of integrated physical and digital document management and storage solutions. Its affiliate, GRM Information Management Services, Inc. ("**GRM**"), represents the Corporation's SaaS model of providing a wholesale approach to organizations that have domain expertise and access to clients to expand use and product utility. On August 23, 2012, the Corporation entered into a non-binding letter of intent (the "**GRM LOI**") with M Management Inc. ("**M Mgmt**") and GRM Information Management Services, Inc. ("**GRM**"), pursuant to which the parties formalized their business relationship to be effective upon the Auersoft Closing Date. The GRM LOI sets out the terms and conditions upon which the Corporation will continue to

provide hosting, maintenance and software services to GRM subsequent to the Auersoft Closing Date. Additionally, the letter of intent specifies that the Corporation and GRM will enter into a partnership agreement whereby GRM will identify customers presently addressed by their core business and together, the Corporation and GRM will define use cases and sell the resulting new apps to those customers sharing the revenue on a 60%/40% basis; where the Corporation will earn the 40% after recovery of all its costs.

Pooled and Escrowed Securities

Shareholder Options

As a condition precedent to the closing of the Offering and subject to their agreement, certain shareholders of the Corporation (the “**Optionors**”), holding an aggregate of up to ~~2,989,622~~ post-Consolidation Shares (the “**Optioned Shares**”) on a post-Consolidated basis, will enter into an option and escrow agreement to be dated on or before the Auersoft Closing Date with Gainey Capital, LLC (“**Gainey**”) and Wildeboer Dellelce LLP as escrow agent (the “**Option and Escrow Agreement**”). Pursuant to the Escrow Agreement, and subject to any escrow requirements that may be imposed by the TSXV, the Optionors will provide Gainey, who has agreed to act as agent and trustee for certain purchasers to be determined prior to closing of the Offering (the “**Optionees**”) with an Option to purchase the Optioned Shares at a price of US\$0.40 per Share on a post-Consolidation basis in accordance with the following schedule:

Amount to be Exercised	Exercise Date
33% of the total Options outstanding (the “ First Exercise ”)	December 31, 2012
33% of the total Options outstanding (the “ Second Exercise ”)	December 31, 2013
34% of the total Options outstanding (the “ Third Exercise ”)	December 31, 2014

The Optionees are obligated to complete the First Exercise on or before December 31, 2012. Where the Optionees do not complete the First Exercise, Second Exercise or the Third Exercise, the Options will revert from escrow back to the respective Optionors.

Escrow and Release Schedule

Assuming approval by the vendors, the Converted Shares, the Optioned Shares, certain Shares held by Dynamic Equity Funds II and certain outstanding Shares held by vendors (collectively, the “**Dynamic Shares**”) and the Shares held by certain members of management of the Corporation as detailed under *Statement of Executive Compensation – Employment Contracts* (the “**Management Shares**”) will be pooled and held in escrow, subject to release conditions in accordance with the following table (“**Table 1.1 - Release Schedule**”):

	Converted Shares	Optioned Shares		Dynamic Shares⁽⁴⁾	Management Shares	Total
Total Escrowed Shares	5,862,500	2,989,622		3,000,000	3,637,500	15,489,622
Timed Release⁽¹⁾						
December 31, 2012	-	986,575		1,000,000	606,167	2,592,742
December 31, 2013	1,954,166	986,575		1,000,000	606,167	4,546,908
December 31, 2014	1,954,167	1,016,471		1,000,000	606,166	4,576,804
December 31, 2015	1,954,167	-		-	-	1,954,167
Hurdle Release						
\$ 5,218,379 ⁽²⁾		-		-	909,250	909,250
\$ 10,989,648 ⁽³⁾		-		-	909,250	909,250

Notes:

- (1) All time released Shares noted in the foregoing table will be released solely on the passage of time and with no performance requirements whatsoever.
- (2) The release schedule is triggered when the Corporation's annual audited gross revenue as at May 31st of a given year, is equal to or greater than \$5,218,379.
- (3) The release schedule is triggered when the Corporation's annual audited gross revenue as at May 31st of a given year, is equal to or greater than \$10,989,648.
- (4) The participation of Dynamic Equity Funds II in the proposed option and escrow transactions described above is subject to approval by Dynamic Equity Funds II and may be subject to negotiation between the Corporation and Dynamic Equity Fund II.
- (5) The total number of Converted Shares may be reduced by one half, to total 2,931,250 with releases equal to 1/3 of the total in each of the calendar years December 31, 2013, 2014 and 2015. No agreement has yet been obtained with respect to a reduction in the number of Converted Shares.

Consolidation Resolution

In light of the foregoing, management recommends a vote in favour of the Consolidation to its shareholders. The text of the special resolution to be approved by shareholders is set out below:

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The articles of the Corporation be amended to provide that:
 - (a) the authorized share capital of the company is altered by consolidating all of the currently issued and outstanding common shares of the company without par value on the basis of one (1) new common share for every two (2) outstanding common shares of the company, or on the basis of such other ratio as may be determined by the directors of the company; and
 - (b) any fractional common share arising on the consolidation of the common shares of the Corporation be deemed to have been tendered by its registered owner to the Corporation for cancellation and will be returned to the authorized but unissued capital of the Corporation;
2. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name and on behalf of the Corporation, to do or cause to be done all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of this special resolution; and
3. notwithstanding the foregoing, the directors of the Corporation are hereby authorized, without further approval of the shareholders of the Corporation, to revoke this special resolution at any time prior to the endorsement by the Director appointed under *Business Corporations Act* (British Columbia) of a certificate of amendment.”

The foregoing resolution must be approved by at least two-thirds of the votes of shareholders cast in person or by proxy at the Meeting.

V. Stock Option Plan

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a resolution approving the adoption by the Corporation of a new Stock Option Plan that is

compliant with the Policies of the TSX Venture Exchange. The purpose of the Stock Option Plan is to allow the Corporation to grant options to directors, officers, consultants, employees and management company employees as additional compensation and as an opportunity to participate in the profitability of the Corporation. The granting of such option is intended to align the interests of such persons with that of the Corporation. A copy of the Stock Option Plan is attached hereto as Schedule "A".

The pertinent terms and conditions of the Stock Option Plan are as follows:

- (a) The Stock Option Plan will be administered by the Board of the Corporation or a committee established by the Board for that purpose;
- (b) The maximum number of Shares that may be reserved for issuance under the Stock Option Plan will be a rolling number not to exceed 10% of the issued and outstanding Shares of the Corporation at the time of the option grant;
- (c) The exercise price of the options granted under the Stock Option Plan will be set by the Board on the basis of the market price of the Shares on the trading day prior to the date of the grant;
- (d) The full purchase price of Shares purchased under the Stock Option Plan shall be paid in cash upon the exercise thereof;
- (e) Options may be granted under the Stock Option Plan exercisable over a period not exceeding five years;
- (f) Options covering not more than 5% of the issued shares of the Corporation may be granted to any one individual in any 12 month period;
- (g) No more than 2% of the issued and outstanding Shares may be granted to any one consultant in any 12 month period and no more than an aggregate of 2% of the issued and outstanding Shares may be granted to an employee conducting investor relations activities in any 12 month period;
- (h) Options may be exercised while the optionee is a director, officer, employee or consultant to the Corporation, or within a period of 90 days after ceasing to be so;
- (i) Notwithstanding paragraph (h), an optionee's heirs or administrators shall have one year from the death of the optionee in which to exercise any portion of options outstanding at the time of death of the optionee;
- (j) Notwithstanding paragraph (h), options granted to an optionee who is engaged in investor relations activities expire 30 days after the optionee ceases to be employed to provide investor relations activities;
- (k) The options shall not be assignable or transferable by an optionee;
- (l) The obligation of the Corporation to issue and deliver Shares under the Stock Option Plan will be subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation; and

- (m) The Board may, from time to time, subject to required regulatory approval, amend or terminate the Stock Option Plan.

The Board has unanimously approved the Stock Option Plan and recommends that shareholders vote FOR the following resolution to approve the Stock Option Plan:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The incentive stock option plan, attached as Schedule “A” in the Corporation’s management information circular, be and the same is hereby authorized and approved;
2. The number of common shares of the Corporation reserved for issuance under the incentive stock option plan shall be no more than 10% of the Corporation’s issued and outstanding common shares from time to time; and
3. The board of directors of the Corporation be and is authorized to make any changes to the incentive stock option plan if required by any such stock exchange or market upon which the common shares of the Corporation may be listed from time to time.”

The foregoing resolution must be approved by a simple majority of the votes of shareholders cast in person or by proxy at the Meeting.

VI. Other Matters

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

For purposes of this Circular, “named executive officer” (“NEO”) of the Corporation means an individual who, at any time during the year, was:

- (a) The Corporation’s chief executive officer (“CEO”);
- (b) The Corporation’s chief financial officer (“CFO”);
- (c) Each of the Corporation’s 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, as determined in accordance with subsection 1.3(6) of National Instrument 51-102F6 – *Statement of Executive Compensation*, for that financial year; and
- (d) Each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

Based on the foregoing definition, during the last completed fiscal year of the Corporation, there were two NEOs for the year ended May 31, 2012, namely, Van Potter, CEO and Brian Cameron, CFO.

All matters relating specifically to senior executive compensation are reviewed and approved by the Board. The Board has elected to not appoint a compensation committee. The Board of the Corporation is responsible for determining compensation including for the individual directors and officers of the Corporation, including the CEO. Given the stage of development of the Corporation, it is not currently envisioned that any of the directors will be paid director's fees with the exception of the chairperson of the Corporation's audit committee (the "**Audit Committee**"). Rather, directors will be granted incentive stock options to help ensure their continued interest in the ongoing business and affairs of the Corporation. The Board determines compensation for the officers of the Corporation, and any consulting or other agreements, to which the Corporation is a party, are reviewed on an annual basis.

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain and qualified executive management and establish a compensation framework which is industry competitive. The Corporation's policy is to recognize and reward individual performance as well as to place executive compensation within the range of the compensation levels in the industry.

The Corporation does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to the NEOs. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility.

The Corporation has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Corporation at competitive industry rates for work of a similar nature by reputable arm's length service providers.

Base Salary

The objectives of the base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The base salary paid to the NEOs shall be reviewed annually by the Board as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board.

Incentive Bonuses

The objectives of incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to NEOs, other executive officers and employees during the most recently completed fiscal year.

Option Based Awards

In accordance with Policy 4.4 of the TSXV, the directors of the Corporation have adopted a revised Stock Option Plan, subject to shareholder and TSXV approval. The revised Stock Option Plan complies with the requirements of Exchange Policy 4.4 for Tier 2 issuers. Under the Stock Option Plan, the maximum number of Shares that may be reserved for issuance under the Stock Option Plan will be a rolling number,

not to exceed 10% of the issued and outstanding Shares at the time of the stock option grant. Previously the Board had adopted a fixed stock option plan allowing for a maximum issuance of 20% of the issued and outstanding shares of the Corporation. The revised Stock Option Plan will be a “rolling” stock option plan.

Compensation Source	Description of Compensation	Compensation Objectives
Annual Base Salary (all NEOs)	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Incentive Stock Option (all NEOs)	Equity grants are made in the form of stock options. The amount of grant will be dependent on individual and corporate performance	Retain qualified leaders, motivate strong business performance

Summary Compensation Table

The following table summarizes the compensation paid to each NEO of the Corporation during the most recently completed financial year end to May 31, 2012:

Name and Principal Position	Fiscal Year	Salary (\$)	Share-based Awards ⁽²⁾ (\$)	Option-based Awards ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽¹⁾ (\$)		Pension Value (\$)	All Other Compensation (\$) ⁽²⁾	Total Compensation
					Annual Incentive Plans	Long-Term Incentive Plans			
Van Potter, CEO	2012	\$175,312	nil	nil	nil	nil	nil	nil	\$175,312
Brian Cameron, CFO	2012	\$175,312	nil	nil	nil	nil	nil	nil	\$175,312

Notes:

- (1) “Non-equity Incentive Plan Compensation” includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.
- (2) “Share-based Awards” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
- (3) “Option-based Awards” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

Employment Contracts

Upon closing of the Related Transactions, the Corporation will enter into management consultant agreements with the companies controlled by each of Mr. Van Potter, the Chief Executive Officer (the “**Potter Agreement**”) and Mr. Brian Cameron, the Chief Financial Officer (the “**Cameron Agreement**”, together with the Potter Agreement, the “**Consulting Agreements**”). The Consulting Agreements each set out the duties and responsibilities of Mr. Potter and Mr. Cameron (each a “**Consultant**”), their monthly

base fee of \$15,000 payable on the first day of each month and includes non-solicitation provisions ending twelve (12) months from termination, as well as confidentiality provisions that extend beyond expiration. Each Consultant is also entitled to receive other benefits and perquisites, including participation in the Corporation's benefits plan, discretionary bonuses and participation in the Stock Option Plan.

Pursuant to the Potter Agreement, Mr. Potter will be granted a total of 1,200,000 Options on signing the Potter Agreement, of which 400,000 Options shall vest on each of November 30, 2012, November 30, 2013 and November 30, 2014.

Mr. Potter will own a total of 2,751,684 post-Consolidation Shares, assuming approval and completion of the Consolidation. Pursuant to the Option and Escrow Agreement and subject to any escrow requirements that may be imposed by the TSXV, Mr. Potter has agreed to escrow a total of 1,818,750 post-Consolidation Management Shares which will be released from escrow in accordance with Table 1.1 – Release Schedule under *Part IV – Share Consolidation – Related Transactions – Release Schedule*.

Pursuant to the Cameron Agreement, Mr. Cameron will be granted a total of 1,200,000 Options on signing the Cameron Agreement, of which 400,000 Options shall vest on each of November 30, 2012, November 30, 2013 and November 30, 2014.

Mr. Cameron will own a total of 2,436,731 post-Consolidation Shares, assuming approval and completion of the Consolidation. Pursuant to the Option and Escrow Agreement and subject to any escrow requirements that may be imposed by the TSXV, Mr. Cameron has agreed to escrow 1,818,750 post-Consolidation Management Shares which will be released from escrow in accordance with Table 1.1 – Release Schedule under *Part IV – Share Consolidation – Related Transactions – Release Schedule*.

Annual Base Salary

Base salary for the NEOs is determined by the Board primarily by comparison of the remuneration paid by other companies with the same size and industry and with publicly available information on remuneration.

The annual base salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the Board as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board.

Long Term Incentive Plan (LTIP)

The Corporation does not have a formal or written LTIP in place, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities), was paid or distributed to the Named Executive Officer during the most recently completed financial year ended May 31, 2012.

Option Based Award

An option based award is in the form of an incentive Stock Option Plan. The objective of the incentive stock option is to reward NEOs, employees, consultants and directors for their individual performance at the discretion of the Board.

Subject to shareholder approval and approval by the TSXV, the Corporation will maintain a formal stock option plan, under which stock options will be granted and may be granted to purchase a number equal to 10% of the Corporation's issued capital from time to time.

The Stock Option Plan will be administered by the Board and the process to grant option-based awards to executive officers will be within the discretion of the directors.

All previous grants of option-based awards will be taken into account when considering new grants.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

During the most recently completed fiscal year, no options were granted to the NEOs.

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Corporation outstanding at the most recently completed financial year ended May 31, 2012.

Name	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Van Potter, CEO	nil	nil	nil	nil	nil	nil
Brian Cameron, CFO	nil	nil	nil	nil	nil	nil

Incentive plan awards – value vested or earned during the year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to any NEOs during the most recently completed financial year ended May 31, 2012.

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Van Potter, CEO	nil	nil	nil
Brian Cameron, CFO	nil	nil	nil

Pension Plan Benefits

The Corporation does not provide retirement benefits for directors and executive officers. No funds were set aside or accrued by the Corporation during the fiscal year ended May 31, 2012 to provide pension, retirement or similar benefits for the Corporation's directors or officers pursuant to any existing plan provided or contributed to by the Corporation or its subsidiaries.

Termination and Change of Control Benefits

Upon completion of the Related Transactions, the Corporation will enter into the Consulting Agreements which will include customary termination rights and change of control provisions for an agreement of this nature.

Director Compensation

The Corporation does not compensate its directors in their capacities as such, although directors of the Corporation will be reimbursed for their expenses incurred in connection with their services as directors and may be issued stock options from time to time at the discretion of the Board. It is anticipated that the Corporation will implement a compensation plan for its directors which will be consistent with industry standards.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation	Total (\$)
John Ragan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Steve Hanson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brent Bollong	Nil	Nil	Nil	Nil	Nil	Nil	Nil

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Aggregate Indebtedness

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of National Instrument 51-102F5 – *Information Circular* (“**Form 51-102F5**”), no directors, executive officers and employees and no former directors, executive officers and employees of the Corporation is, or was, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities and all other indebtedness as at May 31, 2012.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Corporation, proposed nominees for election as a director of the Corporation and associates of such director, executive officers or proposed nominees is or was indebted to the Corporation or any of its subsidiaries as at May 31, 2012.

Directors' and Officers' Liability Insurance

The Corporation does not currently have directors' and officers' liability insurance for the benefit of the directors and officers of the Corporation. Management is currently reviewing and comparing liability insurance packages offered by various insurance carriers with the intention of purchasing directors' and officers' liability insurance as soon as practicable.

AUDIT COMMITTEE

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

On September 29, 2012, the Audit Committee adopted a charter delineating its responsibilities substantially in the following terms:

- (i) review with the independent accountants the scope of the audit and the results of the annual audit examination by the independent accountants and any reports of the independent accountants with respect to reviews of interim financial statements or other audit, review or attest services. The Audit Committee will be responsible for resolving any disagreements between management and the external auditor regarding financial reporting;
- (ii) review information, including written statements from the independent accountants, concerning any relationships between the auditors and the Corporation or any other relationships that may adversely affect the independence of the auditors and assess the independence of the outside auditor;
- (iii) review and discuss with management and the independent auditors the Corporation's annual audited financial statements prior to their public disclosure, including a discussion with the auditors of their judgments as to the quality of the Corporation's accounting principles;
- (iv) review the Corporation's MD&A and annual and interim earnings press releases prior to their public disclosure;
- (v) review the services to be provided by the independent auditors to assure that the independent auditors do not undertake any engagement for services for the Corporation that would constitute prohibited services under applicable securities laws under the rules of any stock exchange or trading market on which the Shares are listed for trading, or could be viewed as compromising the auditor's independence. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries;

- (vi) review with management and the independent auditors the results of any significant matters identified as a result of the independent auditors' interim review procedures prior to the filing of each quarterly financial statements or as soon thereafter as possible;
- (vii) review the annual program for the Corporation's internal audits, if any, and review audit reports submitted by the internal auditing staff, if any;
- (viii) periodically review the adequacy of the Corporation's internal controls;
- (ix) review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the independent accountants that may have a significant impact on the Corporation's financial reports, and make comments on the foregoing to the Board;
- (x) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- (xi) oversee and review annually the Corporation's Code of Business Conduct and Ethics (the "**Code**") and program for compliance with the Code;
- (xii) periodically review the adequacy of the Audit Committee Charter;
- (xiii) make reports and recommendations to the Board within the scope of its functions;
- (xiv) approve material contracts where the Board determines that it has a conflict;
- (xv) establish procedures for receipt, retention and treatment of complaints received by the Corporation regarding auditing, internal accounting controls or accounting matters and establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (xvi) where considered necessary by the Audit Committee to carry out its duties, have the authority to engage independent counsel and/or other advisors at the Corporation's expense upon the terms and conditions, including compensation, determined by the Audit Committee;
- (xvii) satisfy itself that management put into place procedures that facilitate compliance with the disclosure and financial reporting controls provisions of applicable securities laws, including adequate procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements. The Audit Committee will assess the adequacy of these procedures annually;
- (xviii) review all loans to officers;
- (xix) review and monitor all related party transactions which may be entered into by the Corporation as required by rules of the stock exchange or trading market upon which the Corporation's shares are listed for trading; and
- (xx) ensure all public disclosure regarding the Audit Committee is made in compliance with applicable stock exchange rules and securities legislation.

Composition of the Audit Committee

At present, the Audit Committee consists of Jack Saltich Van Potter and John Ragan. John Ragan and Jack Saltich are independent within the meaning of that term as defined in Section 1.4 of National Instrument 52-110 *Audit Committee* (“NI 52-110”). All members of the Audit Committee are financially literate as required by Part 1.6 of NI 52-110.

Relevant Education and Experience

The education of each of the members of the Audit Committee is set out in this Circular. More specifically, some of the members of the Audit Committee have also taken accounting courses directly relating to financial statement preparation and analysis. Each of the members of the Audit Committee has a general understanding of the accounting principles used by the Corporation to prepare its financing statements and will seek clarification from the Corporation’s auditors, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience preparing, auditing analyzing or evaluating financial statements similar to those of the Corporation.

Audit Committee Oversight

At any time from the commencement of the year ended May 31, 2012, no recommendations of the Audit Committee to nominate or compensate an external auditor were not adopted by the Board.

Reliance on Certain Exemptions

The Corporation has not relied on any exemptions under Section 2.4 *De Minimis Non-audit Services* of NI 52 – 110 or from Form 52-110F2 - *Disclosure by Venture Issuer*, in whole or in part, granted under Part 8 of NI 52-110, during the financial year ended May 31, 2012.

Pre-Approval Policies and Procedures

As of the date hereof, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Services Fees (By Category)

The following tables sets out the “audit fees”, “audit-related fees”, “tax fees” and “other fees” billed in the years ended May 31, 2012 and May 31, 2011.

	Audit Fees and Audit Related Fees	Tax Fees	Other Fees
For the year ended May 31, 2012	\$15,700	nil	nil
For the year ended May 31, 2011	\$12,500	nil	nil

Exemption

The Corporation is relying upon the exemption set out in Section 6.1 of NI 52-110 that provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

CORPORATE GOVERNANCE

General

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

Board of Directors

Composition of the Board

NI 58-101, when taken with Section 1.4 of NI 52-110 provides that a member is “independent” if the member has no direct or indirect material relationship with the issuer, a “material relationship” being one which could, in the view of the Corporation’s Board, reasonably interfere with the exercise of a member’s independent judgment. To facilitate independence, the Corporation is committed to the following practices:

- 1) To expand the Board’s composition through the recruitment of strong, independent directors;
- 2) To maintain a majority of independent directors on the Board;
- 3) To ensure that all committees of the Board are constituted of a majority of independent directors, and solely independent directors, if possible.

The Corporation has determined that the following individuals are independent within the meaning of NI 58-101 and NI 52-110:

John Ragan – Independent Director
Jack Saltich – Independent Director

The Corporation has determined that the following individuals are not independent based on the guidelines set forth in NI 58-101 and NI 52-110:

Van Potter – Not independent as a result of his position as the Chief Executive Officer of VVT.

Brian Cameron – Not independent as a result of his position as the Chief Financial Officer of VVT.

Brent Bollong – Not independent as a result of his position as the Chief Executive Officer of Auersoft.

Directorships

The following table sets forth a list of directors, officers and promoters who are, or have been within the past three years, a director, officer or promoter of any other reporting issuer, which table includes the number of other issuers of which the individual is currently a director, officer or promoter and the names of the reporting issuers with which the individual was involved in the past five years, including the names, markets upon which they trade, and the approximate start and end dates for each:

Director	Name of Reporting Issuer	Name of Exchange or Market	Position	Duration	Committee Appointments
Van Potter	Canadian Data Preserve Inc.	CNSX	President, CEO and Director	July 2012 – Present	Not applicable
Brian Cameron	Canadian Data Preserve Inc.	CNSX	CFO	July 2012 – Present	Not applicable

Orientation and Continuing Education of Board Members

If any new directors are appointed to the Board, then the existing directors will provide a brief orientation consisting of a telephone conference and a review of material transactions effected to-date by the Corporation, as well as the general nature and proceedings of the Board. The existing Board will also require the Corporation’s legal counsel to provide a summary of the new director’s duties and responsibilities as a member of the Board. Given the direct securities industry experience of the existing Board, the Corporation does not contemplate providing continuing education for directors at this time.

Measures to Encourage Ethical Business Conduct

Pursuant to the *Business Corporations Act* (British Columbia), each of the directors of the Corporation is required to disclose any conflict of interest that any one of them may have in regard to any dealings with the Corporation. Each of the existing members of the Board has worked together in the past, either by being a director or officer of other reporting issuers. In the past, the Board has had discussions and meetings about the importance of full disclosure in regard to the business and affairs of a reporting issuer. Given the experience of the Board, and their prior dealings, the Corporation, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

Nomination of Board Members

The Corporation does not have in place a formal process to identify new candidates for Board nomination or a person responsible for identifying new candidates or that is in the process of identifying new candidates. Given the direct securities experience of the existing Board, each director will utilize his own judgment in determining whether or not to put forth a person as a candidate for the Board and the appropriate forum for carrying out this task.

Compensation

The Board of the Corporation is responsible for determining compensation, including compensation for the individual directors and officers of the Corporation, such as the Chief Executive Officer. Given the stage of development of the Corporation, it is not currently envisioned that any of the directors will be paid director's fees. Rather, directors will be granted stock options to help ensure their continued interest in the ongoing business and affairs of the Corporation. The Board determines compensation for the officers of the Corporation, and any consulting or other agreements, to which the Corporation is a party, are reviewed on an annual basis.

Board Committees

At this time, the Board does not have any standing committees other than the Audit Committee. The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management, and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

Assessments

Given the current stage of development of the Corporation, the Corporation does not yet have any formal policies or procedures in place to help ensure that the board, its committees, if any, and its individual directors are performing effectively. In the event that the business of the Corporation increases in size and scale, then the Board will determine whether it is appropriate to engage an outside consulting firm to make recommendations regarding the foregoing. Certain of the members of the Board have a direct financial interest in the Corporation, by virtue of being shareholders of the Corporation.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may receive options pursuant to the Stock Option Plan of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, neither the Corporation, nor any director or officer of the Corporation, nor any insider of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the Corporation's last completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation, except for any interest arising from the ownership of Shares where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all shareholders.

OTHER MATTERS TO BE ACTED UPON

There are no other matters to be considered at the Meeting which are known to the directors or senior officers of the Corporation at this time. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the notice of Meeting, and other matters which may properly come before the Meeting or any adjournment thereof.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators at www.sedar.com. Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders of the Corporation may contact the Corporation at Suite 400N, 5811 Cooney Road, Richmond, BC, V6X 3M1, to request copies of the Corporation's financial statements and management's discussion and analysis.

GENERAL

All matters referred to herein for approval by the shareholders require a majority of the shareholders voting, in person or by proxy, at the Meeting.

The contents and sending of this Circular have been approved by the Board. Unless otherwise stated, the information contained herein is given as of the 13th day of November 2012.

SCHEDULE "A"

STOCK OPTION PLAN

VISUALVAULT CORPORATION

November 13, 2012

TABLE OF CONTENTS

	P a g e
Article 1 DEFINITIONS AND INTERPRETATION.....	3
1.1 Definitions	3
1.2 Choice of Law	6
1.3 Headings	7
Article 2 PURPOSE AND PARTICIPATION.....	7
2.1 Purpose	7
2.2 Participation.....	7
2.3 Notification of Award.....	8
2.4 Copy of Plan	8
2.5 Limitation	8
2.6 Options Granted To Corporations	8
Article 3 TERMS AND CONDITIONS OF OPTIONS.....	8
3.1 Board to Issue Common Shares	8
3.2 Number of Common Shares	8
3.3 Term of Option.....	8
3.4 Termination	9
3.5 Exercise Price	10
3.6 Additional Terms.....	11
3.7 Assignment of Options	11
3.8 Adjustments.....	11
3.9 Vesting.....	12
3.10 Personal Information Form and Monitoring of Trading.....	12
Article 4 EXERCISE OF OPTION	12
4.1 Exercise of Option	12
4.2 Issue of Share Certificates	12
4.3 Condition of Issue.....	12
4.4 Taxes	13
Article 5 ADMINISTRATION	13
5.1 Administration.....	13
5.2 Interpretation	13
Article 6 AMENDMENT, TERMINATION AND NOTICE	13
6.1 Amendments.....	13
6.2 Amendment Subject to Approval	14
6.3 Approvals	14
6.4 Termination	14
6.5 Agreement	15
6.6 Notice	15

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the Chief Executive Officer of the Corporation and thereafter shall mean such director or other senior officer or employee of the Corporation as may be designated as Administrator by the Board from time to time.
- (b) “Award Date” means the date on which the Board awards a particular Option.
- (c) “Board” means the board of directors of the Corporation or any committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under the Plan.
- (d) “Cause” means:
 - (i) in the case of an Employee or Officer (1) cause as such term is defined in the written employment agreement with the Employee or Officer or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order; or
 - (ii) in the case of a Consultant (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its affiliates the right to immediately terminate the consulting contract; or (2) the termination of the consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order.
- (e) “Change of Control” means and shall be deemed to have occurred if one of the following events takes place:
 - (i) the sale, transfer or other disposition of all or substantially all of the Corporation’s assets in complete liquidation or dissolution of the Corporation;
 - (ii) the Corporation amalgamates or enters into a plan of arrangement with another Corporation at arm’s length to the Corporation and its affiliates, other than an amalgamation or plan of arrangement that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting

entity outstanding immediately after such amalgamation or plan of arrangement; or

- (iii) any Person or combination of Persons at arm's length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect.
- (f) "Common Share" or "Common Shares" means, as the case may be, one or more common shares in the capital of the Corporation.
- (g) "Corporation" means VisualVault Corporation, a corporation incorporated under the laws of British Columbia.
- (h) "Consultant" means an individual or consultant corporation, other than an Employee or a Director, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an affiliate of the Corporation;
 - (ii) provides the services under a written contract between the Corporation or an affiliate and the individual or the consultant corporation;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an affiliate of the Corporation; and
 - (iv) has a relationship with the Corporation or an affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (i) "consultant corporation" means for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.
- (j) "Director" means the directors of the Corporation, and for purposes of the Plan includes directors of any related entity of the Corporation.
- (k) "Eligible Persons" means Directors, Officers, Employees and Consultants.
- (l) "Employee" means an employee of the Corporation and any Related Entity of the Corporation.
- (m) "Exercise Notice" means the notice respecting the exercise of an Option, in the form set out as Schedule "B" hereto, duly executed by the Option Holder.
- (n) "Exercise Period" means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.

- (o) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5.
- (p) “Expiry Date” means the date determined in accordance with paragraph 3.4 and after which a particular Option cannot be exercised.
- (q) “Expiry Period” has the meaning given to that term under paragraph 3.4(b).
- (r) “Fixed Expiry Date” has the meaning given to that term under paragraph 3.4.
- (s) “Insider” has the meaning given to that term in the *Securities Act* (Ontario).
- (t) “Market Price” of the Common Shares for a particular Award Date shall be determined as follows:
 - (i) for each organized trading facility on which the Common Shares are listed, Market Price shall be the closing trading price of the Common Shares on the last trading day immediately preceding the Award Date;
 - (ii) if the Common Shares are listed on more than one organized trading facility, then Market Price shall be the greater of the Market Prices determined for each organized trading facility on which those Common Shares are listed as determined for each organized trading facility in accordance with section (i) above;
 - (iii) if the Common Shares are listed on one or more organized trading facility but have not traded during the 10 trading day period immediately preceding the Award Date, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the closing trading price of the Common Shares on the last trading day (whenever such day occurred) immediately preceding the Award Date; and
 - (iv) if the Common Shares are not listed on any organized trading facility, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Common Shares on the Award Date as determined by the Board in its discretion.
- (u) “Management Corporation Employee” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in investor relations activities.
- (v) “Officer” means an officer of the Corporation or Management Corporation Employee, and for the purposes of the Plan includes officers and Management Corporation Employees of the Corporation and any related entity of the Corporation.
- (w) “Option” means an option to acquire Common Shares, awarded to an Eligible Person pursuant to the Plan.
- (x) “Option Certificate” means the certificate, in the form set out as Schedule “A” hereto, evidencing an Option.

- (y) “Option Holder” means a Person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (z) “Other Share Compensation Arrangement” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise.
- (aa) “Person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, Corporation or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted.
- (bb) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (cc) “Plan” means this stock option plan.
- (dd) “Regulatory Authorities” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Corporation’s Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (ee) “Related Entity” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- (ff) “Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the instruments, forms, notices and policy documents in force from time to time that are applicable to the Corporation.
- (gg) “Share” or “Shares” means, as the case may be, one or more shares of any class in the share capital of the Corporation from time to time.
- (hh) “Termination Date” means:
 - (i) in the case of the Option Holder’s resignation from employment or the termination of the Option Holder’s consulting contract by the Option Holder, the date that the Option Holder provides notice of such resignation or termination to the Corporation or any of its affiliates; or
 - (ii) in the case of the termination of the Option Holder’s employment or consulting contract by the Corporation or any of its affiliates for any

reason (whether such termination is lawful or unlawful) other than death, the date that the Corporation or any of its affiliates delivers written notice of such lawful or unlawful termination of the Option Holder's employment or consulting contract to the Option Holder; or

- (iii) in the case of the expiry of a fixed-term employment agreement or consulting contract that is not renewed or extended, the last day of the term.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

ARTICLE 2 PURPOSE AND PARTICIPATION

2.1 Purpose

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Consultants and Employees, to reward such of those Directors, Officers, Consultants and Employees as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such Directors, Officers, Consultants and Employees to acquire Common Shares as long term investments.

2.2 Participation

The Board shall, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, shall be awarded Options. The Board shall only award an Option to a Consultant, Employee or Management Corporation Employee if the Consultant, Employee or Management Corporation Employee is a bona fide Consultant, Employee or Management Corporation Employee of the Corporation or an affiliate of the Corporation, and the Corporation shall make such a representation if required by the Regulatory Authorities. The Board may, in its sole discretion, grant the majority of the Options to insiders of the Corporation. However, in no case shall:

- (a) the number of Options awarded in a one-year period to any one Consultant exceed 2% of the issued Shares of the Corporation (calculated at the time of award);
- (b) the number of Options awarded in a one-year period to any one individual exceed 5% of the outstanding Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained;
- (c) the aggregate number of Options awarded in a one-year period to Persons employed to provide investor relations services exceed 2% of the issued Shares of the Corporation (calculated at the time of award);

- (d) the aggregate number of Options awarded to insiders under the Plan and any previously established and outstanding stock option plans or grants in a one-year period exceed 10% of the issued Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained; or
- (e) the aggregate number of Common Shares reserved for issuance to insiders upon the exercise of Options awarded under the Plan and any previously established and outstanding stock option plans or grants, exceed 10% of the issued Shares of the Corporation (calculated at the time of award), unless disinterested shareholder approval has been obtained.

2.3 Notification of Award

Following the award of an Option by the Board, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

2.4 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

2.5 Limitation

The Plan does not give any Option Holder that is a Director or Officer the right to serve or continue to serve as a Director or Officer of the Corporation or any of its affiliates nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed with or have a consulting relationship with the Corporation or any of its affiliates.

2.6 Options Granted To Corporations

Except in relation to consultant corporations, Options may only be granted to an individual or a corporation that is wholly-owned by Eligible Persons. If a corporation is an Option Holder, it must provide the TSX Venture Exchange with a completed *Form 4F – Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The Corporation must agree not to effect or permit any transfer of ownership or option of the Shares nor to issue further Shares to any other Person as long as the Option remains outstanding, except with the written consent of the TSX Venture Exchange.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Board to Issue Common Shares

The Common Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Common Shares the issuance of which shall have been authorized by the Board.

3.2 Number of Common Shares

The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. The total number of Common Shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of which the option was not exercised shall be available for the purposes of the Plan. Any exercises of Options will make new grants available under the Plan, effectively resulting in a re-loading of the number of Options available for grant under the Plan.

3.3 Term of Option

Subject to such other terms or conditions that may be attached to an Option granted hereunder, an Option Holder may exercise any vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.

3.4 Termination

Subject to subparagraphs (a) to (e) below, the Expiry Date of an Option shall be the date fixed by the Board at the time the particular Option is awarded (the “**Fixed Expiry Date**”), provided that the Expiry Date shall be no later than the date that is 10 years following the Award Date of such Option:

(a) Death

If the Option Holder dies while his or her Option is outstanding, then unless otherwise provided for in the Option Certificate, the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 12 months after the date of the Option Holder’s death. The Expiry Date for any unvested portion of the Option shall be the date of the Option Holder’s death. The right to purchase Common Shares under an Option shall not vest after the date of the Option Holder’s death.

(b) Ceasing to be a Director, Officer

If the Option Holder holds an Option as a Director or Officer and the Option Holder ceases to be a Director or Officer (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be a Director and Officer (the “**Expiry Period**”). Notwithstanding the foregoing, if the Option Holder ceases to be a Director or Officer for Cause, the Expiry Date shall be the date that the Option Holder ceases to be a Director or Officer. The Expiry Date for any unvested portion of the Option shall be the date that the Option Holder ceases to be a Director or Officer. The right to purchase Common Shares under an Option shall not vest after the date that the Option Holder ceases to be a Director or Officer.

(c) Ceasing to be an Employee or Consultant

If the Option Holder holds an Option as an Employee or Consultant and the Option Holder ceases to be an Employee or Consultant (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be an Employee or Consultant. Notwithstanding the foregoing, if the Option Holder ceases to be an Employee or Consultant for Cause, the Expiry Date shall be the Termination Date. The Expiry Date for any unvested portion of the Option shall be the Termination Date. The right to purchase Common Shares under an Option shall not vest after the Termination Date. For greater certainty, if the Corporation gives an Employee or Consultant working notice of termination of employment or the consulting contract or payment in lieu of notice or if the Corporation wrongfully or constructively dismisses the Employee or Consultant, no vesting shall occur during the working notice period or deemed notice period that the Employee or Consultant receives or should have received. The Expiry Period shall commence on the first day of such working notice period or deemed notice period.

(d) Ceasing to be a Person Providing Investor Relations Services

If the Option Holder holds an Option as a Person employed to provide investor relations services and the Option Holder ceases to be a Person employed to provide investor relations services (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 30 days after the Option Holder ceases to be a Person employed to provide investor relations services. Notwithstanding the foregoing, if the Option Holder ceases to be a Person employed to provide investor relations services for Cause, the Expiry Date shall be the Termination Date. The Expiry Date for any unvested portion of the Option shall be the Termination Date. The right to purchase Common Shares under an Option shall not vest after the Termination Date.

(e) Change of Control

In the event of a Change of Control or impending Change of Control, the Board may, subject to any necessary prior written approval of the Regulatory Authorities, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Option Holder:

- (i) deliver a notice to the Option Holder advising the Option Holder that the unvested portion of the Option held by the Option Holder, if any, shall immediately vest;
- (ii) deliver a notice to an Option Holder advising the Option Holder that the Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the day that is 10 days following the date of the notice and the Expiry Date for any unvested portion of the Option shall be the date of the notice; or

(iii) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

(f) Black-out Period

If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 business days after the Black-Out Period is lifted by the Corporation. For the purposes hereof, a “Black-Out Period” means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation’s securities by an Option Holder.

The foregoing subparagraphs (b) and (c) shall only apply once an Option Holder ceases to fall into any of the categories of Eligible Persons. The Board and the Administrator shall look to which of the definitions of Employee, Director, Officer or Consultant the Option Holder met immediately prior to the Option Holder ceasing to be an Eligible Person to determine which of subparagraphs (b) or (c) shall apply. If the Option Holder met more than one definition, then the following shall apply. If the Option Holder was an Employee or Consultant, then the Option Holder shall be deemed to hold his or her Option as an Employee or Consultant regardless of whether the Option Holder was also a Director or Officer.

3.5 Exercise Price

The price at which an Option Holder may purchase a Common Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option and in any event shall not be less than the Market Price of the Common Shares as of the Award Date. Notwithstanding anything else contained herein, in no case shall the Exercise Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

3.6 Additional Terms

Subject to all applicable Securities Laws and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the award of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, providing that an Option or a portion or portions of an Option expire on a certain date, after certain periods of time or upon the occurrence of certain events other than as provided for herein, provided that no Option shall expire more than ten years after the Award Date.

3.7 Assignment of Options

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

3.8 Adjustments

If:

(a) the Common Shares are changed into or exchanged for a different number or kind of Shares of the Corporation or securities of another corporation, whether through

an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation;

- (b) a dividend is declared upon the Common Shares, payable in Common Shares (other than in lieu of dividends paid in the ordinary course);
- (c) the Corporation distributes by way of a dividend, or otherwise, to all or substantially all holders of Common Shares, property, evidences of indebtedness or Shares or other securities of the Corporation (other than Common Shares) or rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for Common Shares or other securities or property of the Corporation, other than as a dividend in the ordinary course; or
- (d) there is any other change that the Board, in its sole discretion, determines equitably requires an adjustment to be made, then, subject to any required action by the shareholders of the Corporation and any necessary approval of the Regulatory Authorities, any term that the Board determines requires adjustment (including the number of Common Shares subject to each outstanding Option and the number of Common Shares that have been authorized for issuance under the Plan but as to which no Options have yet been granted or that have again become available for the purposes of the Plan, the Exercise Price of each outstanding Option, as well as any other terms that the Board determines require adjustment) shall be adjusted by the Board in the manner the Board deems appropriate and its determination shall be final, binding and conclusive. Except as the Board determines, no issuance by the Corporation of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Common Shares subject to an Option. No fractional shares shall be issued upon the exercise of an Option and accordingly, if as a result of the adjustment, an Option Holder would become entitled to a fractional Common Share, such Option Holder shall have the right to purchase only the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

3.9 Vesting

The Board, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon which an Option shall become vested and exercisable. Unless otherwise specified by the Board at the time of the Option award, and subject to such other limits as may be imposed by TSX Venture Exchange policies from time to time, all Options granted under the Plan shall vest and become exercisable in full upon grant.

Notwithstanding the foregoing, Options awarded to Consultants performing investor relations activities must vest in stages over 12 months with no more than one-quarter vesting in any three month period.

3.10 Personal Information Form and Monitoring of Trading

An Option Holder who becomes a new insider of the Corporation or who is undertaking investor relations activities must file a Personal Information Form or such other documents as may be required by the Regulatory Authorities. An Option Holder who performs investor relations activities must comply with all procedures established by the Board or the Regulatory Authorities to monitor the Option Holder's trading in the securities of the Corporation.

ARTICLE 4 EXERCISE OF OPTION

4.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option.

4.2 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Common Shares purchased by the Option Holder. If the number of Common Shares in respect of which the Option was exercised is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the share certificate for the balance of the Common Shares available under the Option.

4.3 Condition of Issue

The Options and the issue of Common Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Common Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with, and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies.

4.4 Taxes

The Board and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions under income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Common Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Common Shares or delivery of share certificates for Common Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

ARTICLE 5 ADMINISTRATION

5.1 Administration

The Plan shall be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Corporation such administrative duties and powers as it may see fit.

5.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

ARTICLE 6 AMENDMENT, TERMINATION AND NOTICE

6.1 Amendments

The Board may, subject to the approval of any regulatory authority whose approval is required and the approval of shareholders where required by such regulatory authority, amend the Plan or any Option at any time. Without limiting the generality of the foregoing, the Board is specifically authorized to amend the terms of the Plan or any Option without obtaining the approval of shareholders in the following circumstances, subject to any limitations that may be prescribed by the policies of the TSX Venture Exchange from time to time:

- (a) amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (c) a change to the vesting provisions of any Option or the Plan;
- (d) amendments to reflect any changes in requirements of any Regulatory Authority to which the Corporation is subject;
- (e) a change to the termination provisions of an Option which does not result in an extension beyond the original term of the Option;
- (f) in the case of any Option, the substitutions and/or adjustments contemplated under section 3.8 of this Plan; and

- (g) a change to the class of Eligible Persons that may participate under the Plan,

provided that, in the case of any Option, no such amendment may, without the consent of the Option Holder, materially decrease the rights or benefits accruing to such Option Holder or materially increase the obligations of such Option Holder. Notwithstanding the foregoing, shareholder approval shall be required in respect of:

- (a) any amendments to the number of Common Shares (or other securities) issuable under the Plan;
- (b) any amendment which reduces the exercise price of an option that is held by an Insider;
- (c) any amendment extending the term of an option held by an Insider beyond its original expiry date except as otherwise permitted by the Plan; and
- (d) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Exchange).

Where shareholder approval is sought for amendments under subsections (b) or (c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded.

6.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

6.3 Approvals

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities and shareholders.

6.4 Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

6.5 Agreement

The Corporation and every Option awarded hereunder shall be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of the Plan.

6.6 Notice

Any notice or other communication contemplated under the Plan to be given by the Corporation to an Option Holder shall be given by the Corporation delivering or faxing the notice

to the Option Holder at the last address for the Option Holder in the Corporation's records. Any such notice shall be deemed to have been given on the date on which it was delivered, or in the case of fax, the next business day after transmission. An Option Holder may, at any time, advise the Corporation of a change in the Option Holder's address or fax number.