

**WEBTECH WIRELESS INC.**

**ANNUAL INFORMATION FORM  
YEAR ENDED DECEMBER 31, 2008**

(All amounts shown in Canadian dollars unless otherwise stated)

March 9, 2009

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## 1. GENERAL

### 1.1 Forward Looking Statements

Certain statements in this Annual Information Form ("AIF"), including statements which may contain words such as "could", "expect", "believe", "will", and similar expressions, and statements related to matters that are not historical facts, are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

These forward-looking statements relate to, among other things, product plans, timing, content and pricing of products, market and industry expectations, the wireless communications industry, the mobile fleet industry, general economic, business and political conditions, loss or addition of key employees, stock market volatility, changes in laws and regulations, the Company's ability to compete successfully, adapt to technological advances, changing industry standards and other factors.

All forward-looking statements in this AIF are based on management's reasonable beliefs, intentions, and expectations with respect to future events and are subject to certain risks, uncertainties, and assumptions as of the date of this release. In light of the many risks and uncertainties that may cause future results to differ materially from those expected, the Company cannot give assurance that the forward-looking statements contained in this AIF and the documents incorporated by reference herein will be realized. Forward-looking statements are not guarantees of future performance. The Company assumes no obligation to update its forward-looking statements to reflect subsequent information or events. See "Risk Factors".

### 1.2 Effective Date of Information

The information contained herein is stated as of December 31, 2008 unless otherwise stated.

### 1.3 Incorporation of Other Information

This AIF will be supplemented by, and the following documentation is hereby incorporated by reference as part of this AIF: (i) the Company's annual consolidated financial statements for the fiscal year ended December 31, 2008, together with the auditors' report thereon, and; (ii) the Company's Management Discussion and Analysis for the fiscal year ended December 31, 2008 dated March 9, 2009. See Section 14 of this AIF for further particulars for obtaining copies of these documents. These documents are also available for viewing at [www.sedar.com](http://www.sedar.com).

All financial information in this AIF is prepared in accordance with accounting principles generally accepted in Canada. All dollar amounts are expressed in Canadian dollars unless otherwise stated.

#### **1.4 Business Terms**

The definitions for all capitalized terms used herein and not otherwise defined are in Schedule "A" to this Annual Information Form.

#### **1.5 Change in Financial Year End**

On October 9, 2008 the Company announced that it had changed its financial year end from July 31 to December 31. This change aligns the Company's year end with the seasonality of its business and will better align the Company's year end with the majority of public companies in the Company's business sector, thereby allowing investors to better assess the Company's performance in relation to its peers. Accordingly, the financial year ended December 31, 2008 reflects the five month period from August 1, 2008 to December 31, 2008, herein referred to as the "Transition Period".

### **2. CORPORATE STRUCTURE**

#### **2.1 Name, Address and Incorporation**

WebTech Wireless Inc. ("WebTech" or the "Company") is a British Columbia corporation having first been incorporated on May 12, 1999 under the name of "18606 Yukon Inc." under the Business Corporations Act (Yukon). On August 10, 1999, it filed Articles of Amendment changing its name to "Get Telecom Inc." On September 2, 1999, it was registered extra-provincially in British Columbia. On May 19, 2000, the Company filed Articles of Amendment changing its name to "WebTech Wireless Inc.", renaming its common shares as Class A common shares, creating a class of Class B common shares and splitting the existing 100 Class A common shares into 12,500,000 Class A common shares. On July 24, 2000, WebTech continued into the Province of Alberta and filed Articles of Continuance under the Business Corporations Act (Alberta) ("ABCA"). On or about February 28, 2002, WebTech filed Articles of Amendment that created a class of Preferred Shares, issuable in series. On March 13, 2003, WebTech amalgamated with Caliente Capital Corp. and filed Articles of Amalgamation under the ABCA. The Class A and B common and Class C preferred shares of WebTech, pre-amalgamation, were exchanged for common shares in capital of the amalgamated corporation ("Common Shares"). On August 1, 2006 the Company was continued into the Province of British Columbia.

The head office of WebTech Wireless Inc. is located at Suite #215, 4299 Canada Way, Burnaby, British Columbia, V5G 1H3.

### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

WebTech was founded in 1999 by two senior wireless pioneers whose objective was to become the provider of choice for products and services to and through a wireless gateway for vehicles. WebTech has developed and manufactured a wireless vehicle services solution that integrates Global Positioning Systems ("GPS"), wireless technologies and the Internet to seamlessly connect back office data and fleet operational data (location, performance, communications and activity).

WebTech products include wireless hardware and software services running on cellular and satellite networks, and include automatic vehicle location, mapping, reporting, vehicle maintenance data, driver status, in-vehicle telemetry, messaging, in-vehicle navigation, other wireless applications and Internet connectivity. With WebTech's wireless fleet services, fleet managers can track and communicate with their fleets and receive localized services such as navigation and emergency alerts.

The Company's products and services have been sold to hundreds of customers including Federal Express, Trimac Transportation, Los Angeles Metropolitan Transportation Authority, VanKam Freightways, The City of Chicago and Grupo Nacional Provincial SA. Historically, WebTech's business was focused on providing products and services to small to medium sized fleets however this focus has developed such that the Company now targets major fleets and other large enterprises. With customers in more than 50 countries, the Company has a diverse revenue base both across verticals and geographies served by its offices in Canada, the US, the UK and Brazil.

### **3.1 Three Year History**

During the past three years, WebTech has penetrated a number of major industries with its service offering including couriers, government, consumer automotive, trucking and transportation fleets, and most recently the subscriber base of major insurance companies.

In January 2005, the Company entered into an exclusive agreement with Tracking World (Pvt) Ltd., to provide equipment and recurring monthly services to this Pakistan based distributor.

In September 2005, the Company entered into an agreement with Motorola, Inc. Commercial Government and Industrial Solutions Sector, pursuant to which Motorola distributes the products and services of WebTech worldwide.

In December 2005, the Company entered into an agreement with Trimac Transportation Services to supply WebTech's Quadrant solution to Trimac's fleet. This sale represented WebTech's first significant contract in the long-haul trucking market.

In January 2006, the Company received a 20,000 unit order from its distributor in Brazil, Crown Telecom Inc. ("Crown"), to provide locators and Quadrant services to Volkswagen for factory installation in its Golf and Parati models during the course of the succeeding twelve month period. This contract marked the entry of WebTech's products into the consumer automotive sector.

In February 2006, the Company entered into a teaming agreement with a large provider of computer products and services enabling joint marketing of WebTech's Quadrant solutions on its platform into global markets.

In April 2006, the Company expanded its agreement with Tracking World (Pvt) Ltd. to install a dedicated Quadrant portal to serve the growing market for personal automotive and commercial fleets in the region, marking the first contract signed under its above mentioned agreement with a large provider of computer products and services

In April 2006, pursuant to a private placement the Company issued 6,896,552 special warrants at a price of \$1.45 per warrant for net proceeds of \$9.2 million. Subsequent to receiving a receipt for filing a short form prospectus, effective June 6, 2006 all of the special warrants were exercised into common shares of the Company at no additional cost.

In May 2006, the Company announced that it had achieved Gold Certified Partner status in the Microsoft Partner Program. Gold Certified Partners are those that demonstrate the highest degree of competency in working with Microsoft based technologies, as well as a high level of expertise and commitment supporting Microsoft® software.

In October 2006 the Company announced the release of new products that are expected to present cost-effective solutions for transportation fleet operators to access fleet tracking and telematics data communication and location-based services. The suite of products includes the WT1700 Locator Bluetooth Adapter Kit and the Locator Driver ID Kit.

In December 2006 the Company entered an agreement to provide WebTech products and services to Crown, its distributor in Brazil, for factory installation by Volkswagen AG at its Brazil auto assembly plant. Under the contract, Crown was required to purchase a minimum of 490,000 locators for a contract value in excess of \$67 million in its first year.

In January 2007 the Company completed the issuance of 8,050,000 common shares for gross proceeds of \$40.25 million under a short form prospectus. The net proceeds of \$37.5 million were allocated approximately \$18 million to support consumer automotive initiatives in Brazil including a US\$12 million loan to its distributor in Brazil.

In March 2007 the Company, in collaboration with Iridium Satellite, announced the introduction of the WT1900 Locators, a new dual-mode cellular and satellite asset tracking and management solution for the transportation market.

In April 2007 the Company graduated from the TSX Venture Exchange ("TSX.V") to the Toronto Stock Exchange ("TSX") main board, maintaining its trading symbol, WEW.

In April 2007 the Company entered into an exclusive distributor agreement with Rogers Wireless Inc. ("Rogers Wireless") to provide a white-label version of the Quadrant platform to Rogers Wireless under the brand name mFleet™ and to distribute the Company's products through the Rogers Wireless dealer network across Canada.

In May 2007 as a result of non-payment by Crown of amounts owing under its distributor and loan agreements with the Company, the Company announced a suspension of all shipments to

Crown and subsequently announced that it was writing off all amounts owing by Crown to the Company. Included in the write-off were all accounts receivable and loan receivables owed by Crown and a provision for certain inventories manufactured or under contract for manufacture for sale to Crown.

In May 2007 the Company received notice that it was being sued in the Eastern District of Texas for patent infringement by Lunar Eye Inc. ("Lunar Eye"). The Company vigorously defended the suit and on June 10, 2008 received notice from the US Patent and Trademark Office ("USPTO") that the patent in question had been rejected by the USPTO based on evidence provided by the Company in a Request for Re-Examination it had filed as part of its defense. Lunar Eye has appealed the decision of the USPTO and the outcome of this appeal is not yet known. In addition the Company has filed a Motion for Summary Judgment with the trial judge in the case, based on significant prior art it has discovered and which was for sale well before the patent in question was granted. Based on the foregoing the Company believes the Lunar Eye lawsuit to be without merit.

In August 2007 the Company provided the National Guard in Texas with the WebTech Wireless Quadrant system as part of the National Guard's evacuation communication system. The initial order was for delivery of 1,100 portable WT5000 Locators.

In October 2007 the Company's distributor in Pakistan, Tracking World Pty, received an order from Pakistan's leading insurer, EFU Insurance for a total of 8,000 Locators to be used in a consumer application by that customer.

In February 2008, the Company received an order from Rogers Wireless Communications for 1,300 WebTech locators and related Quadrant services for hardware to be deployed across its nationwide fleet of cable service vehicles.

In March 2008, GNP Insurance ("GNP"), one of Mexico's largest corporations, placed an order with the Company and took delivery of 5,000 units as part of a pilot project aimed at introducing telematics and Location Based Services to its subscriber base of over 1.5 million vehicles in Mexico. At the same time the Company signed a Master Supply Agreement with GNP to provide a total of 500,000 Locators over a three year period subject to the success of the pilot.

In May 2008, the Company announced a pilot project with Emirates Telecommunications Corporation ("Etisalat"), one of the largest cellular carriers in the Middle East. Under the pilot Etisalat will be deploying the Company's products through its distributor channel in the United Arab Emirates ("UAE").

In May 2008 the Company announced the release of the WebTech "Personal Locator" a software tool for the Blackberry<sup>TM</sup> and other personal digital assistants ("PDA's") aimed at providing efficiency and location tools to mobile workers and their employers.

In June 2008, the Company signed a distribution agreement with ARI Canada ("ARI"), a leading fleet management and vehicle leasing company to supply ARI with Locators and Quadrant services to be sold by ARI into its existing and new vehicle fleet of more than 100,000 vehicles in Canada.

In July 2008, the Company announced the sale of 7,800 Locators and an enterprise license to its distribution partner IBM, for onward sale to FedEx Express, the line-haul division of Federal Express. This strategically important sale marked the Company's first commercial enterprise license sale.

In September 2008 the Company announced its "Telematics for the Planet", a comprehensive measurement, management and scorecard system designed to allow organizations to monitor and reduce greenhouse gas emissions and fuel consumption by leveraging the abilities and tools of the WebTech Locator series and Quadrant.

In October 2008 the Company announced the sale of 3,000 locators to Overview Mapping Ltd., a distributor for the Company involved in the initial phase of a telematics solution project with one of the UK's largest automotive insurance companies.

In January 2009 the Company announced that AT&T Wireless, the largest wireless carrier in the US was adopting WebTech solutions as their telematics solution of choice for their government and business vertical. Under the terms of the agreement, AT&T will sell WebTech products and services through its US sales network of several thousand.

### **3.2 Inter-corporate Relationships**

The Company has four subsidiaries, WebTech Wireless (USA) Inc., a State of Nevada company, WebTech Wireless Europe Limited, a United Kingdom company, WebTech Wireless Processamento de Dados S.A., a Brazil company and WebTech Wireless International Inc., a Barbados company which is in the process of being wound-up.

All of the Company's subsidiaries are 100% owned and controlled by the Company.

### **3.3 Significant Acquisitions and Dispositions**

The Company did not complete any acquisitions or dispositions in the year.

## **4. DESCRIPTION OF THE BUSINESS**

### **4.1 General**

WebTech develops, manufactures and sells location-based and telematics subscriber services and hardware. The Company has developed a fully integrated end-to-end system including a subscriber service called Quadrant and the related hardware that provides a platform to offer solutions to various industry and government vertical markets around the world.

WebTech sells and markets its products and services through four primary business verticals:

- **Enterprise:** Aimed at large enterprises, like the major courier company referred to earlier, these solutions involve the sale of a large number of WebTech Locators and an enterprise software license with annual support and maintenance fees. In addition the sale normally involves one time as well as ongoing consulting, training and other service fees.
- **Wireless Carriers:** As is the case with Rogers Wireless in its home market of Canada, and with AT&T in the United States, WebTech is positioning itself to become the telematics supplier of choice for wireless carriers in other parts of the world. Under such agreements, WebTech gains access to the carrier's sales channels and the wide reach of the carriers marketing and advertising arms. WebTech earns revenue through hardware sales and by sharing the monthly subscription fees earned by the carrier on the Quadrant. In addition to existing agreements with AT&T and Rogers Wireless, the Company is operating under a pilot agreement with Etisalat, the largest wireless carrier in the Middle East aimed at replicating this business model in the 13 territories in which Etisalat holds a wireless license.
- **Consumer Automotive and Insurance:** Driven by market regulation, high policy claims losses and demand from consumers both automobile manufacturers and insurers are becoming more and more aware of the benefits of and need for a comprehensive telematics solution for their customers. In the case of automotive manufacturers in markets like Brazil and Mexico where auto theft is very high, there are government mandates in place requiring all new automobiles to have a wireless location device installed. Also in these markets and others, insurers see opportunities to drive down claims losses and to offer revenue producing value added services to their customers through the deployment of wireless telematics devices in their customer's vehicles. Revenue opportunities extend from location centric geo-web marketing initiatives to "insurance as utility" or "pay as you drive" premium billing schemes. WebTech's initiative with GNP in Mexico is one example of the traction the company is gaining in these two markets. Both the consumer automotive and insurance verticals offer opportunities for high volume hardware sales as well as ongoing monthly subscription revenue.
- **Hardware Only/Original Equipment Manufacturer ("OEM") Sales:** Since inception WebTech has been a supplier of hardware to other telematics companies around the world. This high volume, lower gross margin business does not offer the opportunity for subscription or professional services revenue, but does offer a steady stream of reliable revenue for the Company.

As noted above, in addition to one time hardware revenue WebTech earns ongoing subscription fees through its online Quadrant ASP services. Quadrant services are summarized as follows:

- **Fleet Management:** Mobile computing, digital forms/reporting, invoicing, city search, and data collection.
- **Location Based Services ("LBS"):** Navigation, Automatic Vehicle Location ("AVL") / tracking, "localized" Internet, traffic reporting, proximity advertising, geofencing and vehicle monitoring.
- **Telematics for the Planet:** A measurement and reporting system which enables users and enterprises to measure, monitor and report carbon emissions in order to enable the development and achievement of carbon reduction strategies.
- **Safety & Security:** Monitoring the transport of hazardous material, anti-theft, vehicle recovery, air-bag deployment notification, remote door lock/unlock, and remote vehicle diagnostics.
- **Connectivity:** Dispatch, voice/cellular, data, and messaging, peripherals including laptops and PDA's providing access to corporate applications.

WebTech's third stream of revenue comes from professional services, which are sold along with hardware and Quadrant ASP access. Professional services include: installation services, bespoke customization of Quadrant, support and maintenance fees for Quadrant enterprise licenses and other advisory work. This is a relatively new stream of revenue for WebTech and is expected to grow as WebTech expands its professional services group and the size of its various business verticals.

WebTech's distribution channels and methods are broken down into the following categories:

- Inside sales teams that deal directly with small to medium commercial fleets;
- Direct sales through regional offices;
- Resellers or distributors, which provide fleet management solutions and technical support to commercial fleets;
- Sales and marketing arrangements with wireless carriers; and
- Strategic channels with industry partners to offer combined solutions to end users.

In certain geographic markets WebTech may employ a combination of these channels, for instance, in the US WebTech sells direct and through distributors as well as having an active pipeline with its strategic partner IBM and the aforementioned sales arrangement with AT&T Wireless.

#### **4.2 Wireless Environment and Trends**

##### **GPRS – The Evolution of GSM**

General Packet Radio Service/Enhanced Data Rate for Global Evolution ("GPRS/EDGE") is an evolution of the Global System for Mobile communications ("GSM"). It supports Internet protocol, enabling access to Internet and intranet content and applications from GPRS devices. GPRS can be implemented over any GSM network. There are currently more than 3 billion GSM

subscribers using the standard across 218 countries and territories and GSM today accounts for more than 86% of the world's digital mobile market and 82% of the world's wireless market. (Source: GSM Association Website October 12, 2007 and GSM Association Statistics Q1 2007).

### **Wireless Vehicle Services**

GPRS is well suited for application to wireless vehicle services due to the network's accelerated speed, "always-on" connection to the Internet and data packet pricing capability.

As consumer awareness of GPS increases, so has product innovation and total market revenue. While approximately half of the market today consists of sales of automotive and asset-tracking equipment, these segments are still expected to continue to grow at rates faster than that of the broader market for GPS equipment. In addition to the strength of these markets, new segments are constantly emerging for GPS applications, driving demand for products as diverse as people-tracking devices and GPS golf systems.

WebTech's Quadrant system combines on-board computing, GPS technology, and two-way terrestrial wireless communication, with the Internet and digital mapping technologies to enable the owners of mobile assets to track, manage, locate, monitor, control and communicate (through voice or data) with their assets. The Company's primary wireless communications technology is based on the GSM/GPRS/EDGE digital cellular standards. The primary location technology used is GPS.

A survey of US commercial fleet operators on mobile resource management systems and services found that those using GPS tracking systems are extremely pleased with them, and see it as critical technology.

- Participating fleet operators using GPS tracking systems expressed a high level of satisfaction with these systems.
- Interest in GPS tracking of fleet vehicles was rated highest among the systems and services tested, with many fleet operators viewing GPS tracking as an important tool for improving driver productivity, route optimization, dispatching efficiency, and customer service.

(Source: "GPS World Markets: Research Roundup" September 1, 2007)

Factors driving the increase in use of telematics include:

- Continuing need to improve efficiencies and operation control especially with the escalation in fuel costs;
- New wireless networks and reduced costs for hardware and airtime;
- More comprehensive and better subscriber services at similar prices;
- A trend toward safety and security of mobile workers and assets;
- Homeland security concerns in the United States;
- Increasing need for safety and security services for personal automotive customers; and
- A general increased awareness of the benefits of telematics by consumers.

### **4.3 Products and Services**

#### **WebTech Products and Services – Turnkey Solutions**

WebTech develops and sells location-based, telematics subscriber services and hardware. Its solutions are a combination of GPS technology, terrestrial wireless, on-board computers, Internet and digital maps. The Company is a pioneer in the area of GSM/GPRS/GPS Telematics devices.

#### **The Locator**

The WebTech Locator is at the heart of the Quadrant vehicle services system. It is a black box device that contains an integrated GPS receiver, a wireless data modem and WebTech service enabling technologies. The WebTech Locator communicates with the GPS network and is capable of determining and communicating location within 10 meters of accuracy. The WebTech Locator transmits location and other vehicle-based information through a wireless network to the services portal. The WebTech Locator provides vehicle-monitoring capabilities 24 hours a day, seven days a week. Locators are fully configurable over-the-air and remotely supported.

#### **Peripheral Devices**

A number of peripherals can be connected to the WebTech Locator including laptops, PDAs, or Mobile Data Terminals (“MDTs”). Interfacing to such devices allows in-vehicle users to access the Internet by utilizing the GPRS connection provided by the WebTech Locator. Other peripherals include a Panic Button, Bar Code Scanners and Driver ID tags.

#### **The Quadrant Portal and Quadrant Enterprise**

WebTech's Quadrant portal is an online subscriber command center for WebTech's wireless vehicle services. It provides end users with a complete administration point for managing and configuring their services and viewing their accounts, providing real-time GPS-based location information and a wide range of fleet management solutions. These solutions include automatic vehicle location, mapping, reporting, vehicle maintenance, driver status, in-vehicle telemetry, messaging and Internet connectivity. Higher order services are offered as well, including WiFi, Bluetooth, over-the-air upgrades, routing and scheduling, driver logs, automated fuel-tax calculations and integration to back office applications and databases. Vehicle data gathered by WebTech's hardware is transmitted to WebTech's operations center via wireless networks. Customers can then access this information over the Internet.

For larger customers the Company provides an enterprise licensing option for Quadrant which allows the customer to install Quadrant in-house to run in the customers operating environment on servers managed directly by the customer. In its enterprise form, Quadrant offers the same functions and flexibility available as a portal product, and provides the Company with recurring revenue in the form of Support and Maintenance as well as bespoke software customization projects and other consulting services.

WebTech's Quadrant system provides an extensive mapping center that can be accessed via the Internet or through a server map database. The mapping center provides multiple layers of

geographic information (road types, bridges, tunnels, landmarks etc.) and a variety of location services.

### **Revenues from Products and Services**

WebTech's business model generates revenue from the initial sales of hardware and peripherals or enterprise licenses and other one-time charges and a recurring revenue stream from monthly subscriptions or annual support and maintenance fees earned from Quadrant.

In the Transition Period ended December 31, 2008 hardware and software revenues were \$7,973 compared with \$20,810 for the year ended July 31, 2008. Hardware and software revenues comprised 70% of total sales in the Transition Period compared with 70% in the fiscal year ended July 31, 2008. Recurring service revenues comprise 30% of total sales in the Transition Period compared with 30% for the prior fiscal year ended July 31, 2008.

## **4.4 Business Operations**

### **Research and Development**

WebTech conducts research and development activities related to its hardware, firmware and software. The WebTech product suite is a mature product range which has been commercially available for several years. From time to time WebTech introduces next generation products as part of a continuous product management programme. There are currently several products in various stages of development and headed towards commercial release in the normal course.

The Company's hardware and firmware form part of an embedded system which is installed in a vehicle or other mobile asset and interfaces to WebTech's server infrastructure. Research and development includes schematic capture, Printed Circuit Board ("PCB") design and manufacture, firmware programming, compiling and deployment activities, software programming and infrastructure deployment. By conducting its own research and development activities, WebTech has been able to retain complete ownership of all of the intellectual property which makes up its end-to-end solution.

### **Production and Services**

WebTech's hardware is primarily manufactured by contract manufacturing suppliers. WebTech uses both local and offshore manufacturers. WebTech uses its subcontract manufacturers to provide material sourcing, manufacture printed circuit assemblies, primary assembly, and testing. Most components and parts are sourced by our manufacturers however WebTech itself sources some major components, some long lead-time parts, and some peripherals such as MDTs.

WebTech provides Services to its customers in the form of its online offering of Quadrant, which offers a rich interface for users of WebTech Locators to track and monitor their mobile assets. In addition WebTech sells professional services such as software customization, training and installation. These services may be offered directly by WebTech with the services performed by a WebTech employee at the customer's site or from our offices in Vancouver. Services such as installations may be provided by WebTech authorized third party installation

companies located near the customer. WebTech may also from time to time sell an enterprise license for Quadrant and services related to the installation of this licensed product into the customers environment or may partner with a third party professional services organization to provide such installation services.

WebTech's products require final assembly and configuration, testing, packaging and shipping which is conducted at the Company's facilities in Vancouver or the UK or directly by a reseller in other overseas markets.

### **Specialized Skill and Knowledge**

Due to the technical nature of its business and the dynamic market in which the Company competes, continued success depends on attracting and retaining highly skilled engineering, managerial, consulting, marketing and sales personnel. In particular, the Company's future success depends in part on the continued services of each of its current executive officers and other key employees. In order to meet its commitments under increased purchase orders, the Company plans to add new employees in the near future. As the Company is located in the Lower Mainland of British Columbia, an area with a strong legacy of wireless innovation and software development as well as a number of universities and colleges which offer technology degrees and programs the Company has historically been able to find staff and executives with the necessary skills required for the Company to meet its goals.

### **Competitive Conditions**

WebTech operates in a highly competitive environment. WebTech's key telematics competitors are: Qualcomm Incorporated, Trimble, Hughes Telematics and PeopleNet. Qualcomm Enterprise Services develops telematics systems such as OmniVision and OmniTRACS. Trimble offers web-based vehicle tracking services including @Road GeoManager and @Road Pathway. Hughes Telematics offers their products through NetworkCar an on-board diagnostics and telematics solution, and PeopleNet provides a web-based system called the PeopleNet Fleet Manager.

WebTech has competitively positioned itself with an end-to-end internet-based system that provides a variety of services as opposed to having a single service offering. WebTech has built an open platform that permits the addition of other mobility applications and allows for customization which management believes is critical to penetrate various vertical market segments and provide wireless data services beyond tracking.

### **New Products**

In the year ended July 31, 2008, the Company introduced the WT Personal Locator, a GPS tracking application for complete mobile resource management, a Power Line Carrier ("PLC")ID system for positive identification of tractor trailer pairing, Quadrant Express a robust, proven vehicle tracking and reporting platform in a convenient hosted package and a previously announced integration of Motorola's embedded G24 JAVA wireless module in WebTech's locators, allowing the large community of JAVA programmers to add custom functionality to the locator and leverage the wide set of existing JAVA applications.

In the year ended July 31, 2007, WebTech introduced an Iridium™ based product to provide tracking ability in hard to monitor locations and areas without GSM coverage. The WT1900 Iridium satellite product enables global pole to pole coverage for WebTech services. Also in 2007, WebTech introduced its Temperature Monitoring Kit which allows the monitoring of up to three digital temperature probes with high and low alarm thresholds. The kit is particularly effective for food delivery services where regulatory requirements necessitate monitoring multiple compartments or multiple points within a compartment.

### **Component Pricing and Sourcing**

WebTech has established supply relationships with a number of organizations including Motorola (modems), Sirf Technology Inc. (GPS chips) and Micronet (MDTs) that supply the critical components of the Company's products and services. Each of these suppliers are large well established multi-nationals offering secure supplies and ready availability of components, however WebTech believes that it will be successful in developing further supply relationships if needed.

The Company uses third party contract manufacturers for the production and assembly of its products, benefiting from the large scale that such manufacturers are able to achieve at their facilities.

As sales volumes increase, the Company has benefited and believes it will continue to benefit from volume discounts. As the majority of the components that WebTech procures are denominated in US currency, the costs of these components are subject to foreign currency risk. (See "Risk Factors").

### **Intangible Property**

WebTech currently protects its intellectual property (including but not limited to the the design of its units and the embedded software/firmware and its proprietary portal and enterprise software) through a mix of patents and the maintenance of a strict regime of trade secrecy. The trade secrets held by WebTech with respect to the copyright attached to its software, firmware and the assembly of its hardware products is critical to WebTech. The Company has been granted two patents in the US and has filed a further six patents or patent applications in Canada, the US and internationally and intends to apply for additional patent protection for its products and services as deemed necessary or advisable.

### **Sales Cycles**

The Company has grown organically through direct sales to small and medium-sized customers, as well as larger government clients, more recently the Company has benefited from the establishment of "channel" relationships with wireless carriers (like Rogers Wireless and AT&T) and through enterprise sales to global customers. The sales cycle to these customers can vary from weeks to many months. As well, the Company continues to seed the market by selling product to large customers to use for trials. Some of these trials last for a year or more. In addition, the deployment of large sales orders through a customer's fleet can take several

months as the customer ramps up install and monitoring activity. As a result, predicting sales for a quarter is difficult as sales cycles or trials may close in the quarter or easily slip into the next quarter or later.

In addition, the Company's sales are subject to seasonality with sales generally being lower in the summer months of each year.

### **Economic Dependence**

The Company depends on a single contract manufacturer for a large portion of its manufacturing production. However, the Company maintains sufficient inventories of long lead time parts and finished goods to avoid excessive dependence on this supplier and believes that it has appropriate relationships with a sufficient number of alternate suppliers and manufacturers to avoid excessive dependence on this manufacturer. The Company's recent experience where it elected to change contract manufacturers in the midst of a year of record sales supports this position.

### **Changes to contracts**

On June 20, 2008, the Company announced the appointment of a new distributor in Brazil, SB Tec S.A., and an initial delivery of 20,000 WebTech Locator units to be made in the fiscal year ended July 31, 2008. Due to unforeseen circumstances SB Tec was unable to fulfill all of its obligations under this initial order and as such the Company withheld delivery of approximately 10,000 units ordered by SB Tec. During the Transition Period, the Company reached a settlement agreement with SB Tec which involved the return of certain unpaid inventory, the forgiveness of certain amounts owing and a termination of SB Tec's exclusive agreement.

### **Employees**

At the end of the Transition Period, the Company had an aggregate complement of 143 (July 31, 2008 - 149) full time equivalents ("FTEs"), 134 (July 31, 2008 - 139) of whom were located in North America and 9 (July 31, 2008 - 10) of whom were located overseas.

### **Credit and Lending**

The Company has established a strong program to review the credit worthiness of all new and existing customers in order to prevent loss. The Company's credit policies are overseen by staff with many years of experience in the credit and collections specialty and involve the review of a customer's credit record, payment history and ongoing business results. In addition, the Company frequently requires that new customers make a whole or partial payment in advance of shipping any orders until such time as the customer has a proven payment history. Credit limits are established and adhered to based upon payment and credit history and reviewed on a regular basis by senior management. Exceptions to such credit policies are documented and may only be authorized by a senior executive in writing.

### **Foreign Operations**

During the Transition Period approximately 83% (July 31, 2008 – 72%) of the Company's revenues were from outside Canada, including operations in the United States, Europe, Mexico, South America, the Middle East, Asia and other areas of the world.

Sales by geographic segment were as follows:

Territory	For the five months ended December 31	For the twelve months ended July 31
	2008	2008
United States	59%	34%
Canada	17%	28%
Europe	12%	19%
Mexico, Brazil & Latin America	8%	12%
Middle East & Asia	4%	7%

The Company currently has distribution agreements with distributors in the United States, the UK, Mexico, Brazil, Pakistan, Panama, the Middle East and other locations.

#### 4.5 **RISK FACTORS**

WebTech faces a number of risks and uncertainties, including, but not limited to, the following:

##### **Growth**

WebTech has experienced significant growth over the past several years. The Company continues to expand its operations internationally. If the Company is unable to effectively manage the growth that it has experienced to date and its additional contemplated future growth, it may be unable to provide adequate services to its customers, causing a reduction in sales and an inability to sustain profitability. It may also be unable to retain its employees, obtain financing and generate cash from operations.

##### **Profitability**

The Company did not attain profitability during the Transition Period ended December 31, 2008, and it may not be able to return to profitability from operations for the current fiscal year and beyond.

##### **Technology**

The Company operates in a highly competitive environment where its hardware and services are subject to rapid technological change. WebTech's future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, respond to technological advances in its industry and respond to its customers' increasingly sophisticated needs. If the Company is unable to respond to technological changes, its products and services may become obsolete, which could negatively impact sales and profitability.

##### **Intellectual Property**

The trade secrets held by WebTech with respect to the assembly of hardware products and copyright attached to the software is of extreme importance to WebTech's success. WebTech protects its intellectual property through trade secrets and reliance upon copyright legislation. If a third party misappropriates WebTech's intellectual property, WebTech may be unable to enforce its rights.

WebTech may be challenged with respect to the infringement of the intellectual property of others. There is no assurance the Company will be successful in defending such claims, and if it is unsuccessful there is no assurance that the Company will be successful in obtaining a license for the intellectual property in question. Intellectual property claims are expensive and time consuming to defend and, even if they are without merit, may cause delay in the introduction of new products or services. At this time there is one intellectual property claim against the Company which is described elsewhere in this document.

### **Working Capital**

The Company's success is predicated on its ability to finance growth. Management believes that operations and commitments will be adequately financed over the coming year however the Company's ability to satisfy its future growth activities may be dependent on future financing. There can be no assurance that, if, as and when the Company seeks additional equity or debt financing, the Company will be able to obtain the additional financial resources required on satisfactory commercial terms or at all. If additional financing is raised by the issuance of equity securities from the treasury of the Company, control of the Company could change and existing shareholders will suffer dilution.

### **Competition**

The automatic vehicle location and telematics industry is very competitive. A number of the Company's existing competitors have substantially greater financial, marketing and other resources. Several of these companies also have greater name recognition and well established relationships with some of the Company's target customers. Furthermore, these competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company is able to offer. The Company may face increasing price pressure from its competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's system.

### **Suppliers**

WebTech has relationships with several suppliers and service providers upon which it depends to provide critical components for its products and services. In the event that the Company is unable to maintain these relationships or establish relationships with new suppliers or service providers as required, the availability, pricing and quality of its products and services may be adversely affected causing an adverse effect on the Company's business, operating results and financial condition. Relationships with third party suppliers and service providers expose the

Company to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

The components that WebTech sources for its products and services are highly specialized. In the event that a supply relationship is terminated, there is a risk that a replacement supply may not be found on a timely basis resulting in loss of business. In addition, if supply is not available on a timely basis, there is a risk that WebTech may be unable to service its customers resulting in among other things, a loss of business, penalties and claims for damages.

### **Distributors**

The Company relies on distributors to sell its products in various countries around the world and there is a risk that certain of these distributors may terminate their relationship with the Company. If such relationships are terminated alternate distributors may not be available in those regions.

### **Liability Claims**

WebTech may be subject to claims arising from the use of its products and services. A product liability claim could adversely impact the Company's business due to the cost of settlements and due to the costs of defending such claims.

### **Credit Concentration and Credit Risk**

The Company provides credit to its customers in the normal course of operations. The Company estimates, on a continuing basis, the probable losses, and records a provision for such losses based on the estimated realizable value. There is no assurance that this provision will be adequate.

Also at December 31, 2008, an aggregate of approximately 52% of accounts receivable are due from five customers.

### **Inventory Management**

The Company's hardware is comprised of component parts with long lead times. The Company typically purchases component parts and out-sources manufacturing in advance of receiving confirmed purchase orders. As a result, the Company may have significant inventory volumes that could be subject to write down from obsolescence.

The Company currently has significant amounts of inventory on hand some of which the Company has previously written down to the value which the Company estimates to be the inventory's fair market value. Given the large quantity of this inventory there is no guarantee that the Company will be successful in selling all of it, or realizing the full value of its current carrying cost, which might result in further write-offs and charges to the Company's net income.

### **Insurance Inadequacy**

No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at economically feasible premiums or at all. There is no assurance that in the event of claim or loss that the Company will have adequate insurance coverage.

### **Warranty Claims**

WebTech provides its customers with a limited warranty on its products. Despite quality control procedures, there is no assurance that the Company's provision for this warranty is adequate. If there is a malfunction or error that affects a significant number of the Company's products the cost to repair, replace or recall these products or component parts could materially adversely affect the operations and financial position of the Company.

### **Dependence on Personnel**

Due to the technical nature of its business and the dynamic market in which the Company competes, its success depends on its ability to attract and retain highly skilled engineering, managerial, marketing and sales personnel. In particular, the Company's future success depends in part on the continued services of each of its current executive officers and other key employees. Competition for qualified personnel in the wireless and wireless data industries is intense. The loss of one or more of these key personnel may have a significant adverse effect on the Company's sales, operations, technological development and profits.

Competition for qualified personnel in the wireless and wireless data industries is intense. The Company believes that there are only a limited number of persons with the requisite skills to serve in many key positions and it is difficult to hire and retain these persons.

### **Foreign Exchange**

Fluctuations in the exchange rate between the Canadian and US dollars and between the Canadian dollar and the British pound affect WebTech by impacting revenue, expenses and assets and liabilities. Although the Company reports its financial results in Canadian dollars, for the Transition Period ended December 31, 2008, 71% (July 31, 2008 – 53%) of revenues were US dollar denominated and 12% (July 31, 2008 – 19%) were in British pounds. A weakening of the Canadian dollar against these currencies increases revenues when reported in Canadian dollars. A strengthening Canadian dollar would have the opposite effect. There is a somewhat mitigating effect to this factor, in that a large portion of the Company's manufacturing costs are denominated in US dollars. There is a positive impact on the Company's balance sheet as the value of foreign currency denominated receivables increases if the Canadian dollar weakens against source currencies. There is some offset as foreign currency denominated payables will also increase at the same time. In summary, the offsets between what are primarily US dollar revenues and expenses and US dollar receivables and payables provide natural hedges for part of the Company's foreign exchange exposure.

At December 31, 2008, the Canada – US dollar exchange rate was 0.8166, compared with 0.9749 at July 31, 2008. To date, the Company has not engaged in exchange rate hedging contracts. The Company's UK subsidiary sells to customers and incurs operating costs primarily

in British pounds however its costs of sales are primarily denominated in Canadian and US dollars. If the British pound weakens relative to the Canadian dollar, the Company may record losses on translation of its subsidiary's accounts. At July 31, 2008, the Company held net current monetary balances of \$7,392 (July 31, 2008: \$2,399) in US dollars, \$1,331 (July 31, 2008: \$2,476) in British pounds.

### **Stock Price Volatility**

In recent years and most particularly in the last six to nine months, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility. The Company's stock price may also experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a law suit against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors among others may cause decreases in the value of the Company's Common Shares.

### **Government Regulations**

The Company operates in a global marketplace, with sales in numerous countries. The Company may be required to incur additional costs in order to comply with foreign and state government regulations as they might pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations.

### **Operations**

The Company's operations are dependent upon its ability to protect its network infrastructure and customers' equipment against damage from human error, telecommunications failures, fire, earthquakes, floods, power loss, sabotage, intentional acts of vandalism and similar events. Despite precautions taken by, and planned to be taken by the Company, the occurrence of a natural disaster or other unanticipated problem at one or more of the Company's network facilities could result in interruptions to the services provided by the Company. Such an event could significantly impact the ability of suppliers to provide the data communications capacity required by the Company and could in turn impact the Company's sales and customer relations.

### **Market Demand for the Product and Services**

The Company's success is dependent on its ability to market its products and services. There is no guarantee the Company's products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services its growth may be adversely affected.

### **General Economic Conditions**

The Company's results could be adversely affected by changing economic conditions in the countries in which it operates.

### **Foreign Operations**

The Company has four foreign subsidiaries, incorporated and operating in the United Kingdom, United States and Brazil and incorporated in Barbados. Such subsidiaries are subject to the laws of their jurisdiction of incorporation and any changes to such laws. The Company exports its locators worldwide including certain jurisdictions where the legal system may not be adequate to ensure remedy for loss or damage should such occur. The Company's results may be adversely affected by changes in economic conditions, regulatory requirements, duties and tariffs, political instabilities, exchange rates, trade restrictions and other factors which may prevent or affect the export of its products. The Company's continued expansion into international operations brings additional risks, including increased credit management risks and potentially greater difficulties in collecting accounts receivable, as well as exposure to uncertainties of laws and enforcement and to cultural and linguistic issues.

### **Portal System Failure**

WebTech's portal system is subject to failure due to loss of power, connectivity or human error. In the event that the Company's systems become inoperative for a period of time, the Company could be adversely affected by a reduction in customer satisfaction, loss of business and litigation.

### **GPS Technology**

The Company depends on signals from GPS satellites built and maintained by the US Department of Defense. Availability of these signals is dependent on the US Department of Defense continuing to maintain the satellites and allow access to their signals which could be affected by future government regulation. If these satellite signals become unavailable or if the cost of using the satellite system increases, WebTech's business could be adversely affected. The satellite system may be subject to malfunction and sabotage, which could cause down-time and cause a reduction in customer satisfaction and loss of business.

### **Variable Revenues / Earnings**

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of wireless technologies, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, and possible delays or shortages in component supplies.

### **Revenue Concentration**

The Company depends on a small number of customers for a significant portion of its revenue. For the Transition Period ended December 31, 2008, the Company had only one customer which comprised more than 10% of revenue with this total being 32%.

### **Fuel Prices**

Many of the Company's customers are fleet managers and as such are exposed to fluctuations in crude oil prices and suffer when the price of gasoline and other petroleum distillates rise. As such, the Company could suffer from disruptions to its customers businesses as a result of rises in fuel costs. This risk may be offset by the benefit which the Company's products offer in reducing fuel usage and other operating costs.

### **Third Parties**

Future growth of the Company depends in part on the successful deployment of next generation wireless data and voice networks by third parties for which the Company is developing products. If these network operators cease to offer effective and reliable service, or fail to market their services effectively, sales of the Company's products will decline and revenues will decrease.

### **Acquisitions**

As part of the business strategy of the Company, the Company may acquire additional assets and businesses principally relating to or complementary to our current operations. Any acquisitions and/or mergers will be accompanied by the risks commonly encountered in acquisitions of companies. These risks include, among other things: exposure to unknown liabilities of acquired companies, higher than anticipated acquisition and integration costs, diversion of management's time and attention during the integration process, and possible dilution to shareholders if the purchase price is paid in Common Shares or securities convertible into Common Shares.

### **Earnings and Dividend Record**

The Company incurred a loss for the Transition Period and for the fiscal years ended July 31, 2008 and July 31, 2007 after reporting earnings for the previous three years following several years of no earnings since inception. The Company has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future.

### **Conflicts of Interest**

Certain of the directors and officers of the Company are or may become directors or officers of, or have significant shareholdings in, other technology based companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with the Company for customers or suppliers. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of the Company and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company

are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular business or activity, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

## **5. DIVIDENDS**

The Company has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future, as it anticipates that all available funds will be invested to finance the growth of its business.

## **6. DESCRIPTION OF CAPITAL STRUCTURE**

### **6.1 Authorized and Issued Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series ("Preferred Shares").

Holders of the Common Shares are subject to the rights, privileges, restrictions and conditions attaching to any other class, are entitled to one vote per share at meetings of shareholders of the Company except meetings at which only holders of a specified class of shares are entitled to vote, are eligible to receive dividends as and when declared by the board of directors of the Company, and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. As of the date hereof, there are 57,962,185 Common Shares issued and outstanding with a further 1,704,869 Common Shares reserved for issuance pursuant to outstanding share purchase options. These options entitle the holders to purchase one Common Share for each option held at exercise prices ranging from \$0.47 to \$1.50 per share and expiring on various dates up to December 31, 2013.

The Preferred Shares have priority over the Common Shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, to the extent fixed in the case of each respective series, and may also be given such other preferences over the Common Shares as may be fixed in the case of each such series. The Preferred Shares do not carry with them the right to vote at any meeting of shareholders, except as otherwise permitted by law. There are currently no Preferred Shares issued or outstanding.

## **7. MARKET FOR SECURITIES**

### **7.1 Trading Price and Volume**

Currently, the Company's issued and outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol "WEW" having graduated from the TSX Venture Exchange on April 26, 2007 where it traded under the symbol "WEW.V".

The following table sets forth the high and low trading prices and trading volumes of the Common Shares for the periods indicated.

Date	Open	High	Low	Close	Average Volume
February-09	1.20	1.28	0.85	0.92	24,600
January-09	1.00	1.39	0.95	1.15	45,300
December-08	1.05	1.10	0.80	0.95	101,100
November-08	1.32	1.50	0.76	1.07	69,400
October-08	2.45	2.73	1.01	1.32	169,800
September-08	2.90	3.07	2.30	2.45	112,100
August-08	2.65	2.89	2.40	2.89	51,400
July-08	3.88	3.97	2.51	2.65	135,500
June-08	3.69	4.11	3.48	3.66	182,700
May-08	3.18	3.75	3.10	3.71	208,700
April-08	3.37	3.42	2.95	3.13	197,100
March-08	3.50	3.65	2.92	3.30	195,300
February-08	3.00	3.87	2.79	3.60	325,200
January-08	3.03	3.03	2.00	2.95	232,600
December-07	2.76	3.07	2.39	2.98	250,400
November-07	3.15	3.47	2.47	2.78	263,800
October-07	3.54	3.69	2.72	3.14	315,100
September-07	2.60	3.52	2.57	3.40	381,000
August-07	2.60	2.70	1.99	2.57	186,700

## 8. DIRECTORS AND OFFICERS

### 8.1 Name, Occupation and Security Holding

The following table sets forth the names and residences of all directors and officers of the Company, the positions and offices with the Company held by such persons, their principal occupations and the number and percentage of Common Shares beneficially owned by such persons as at the date of this AIF:

Name, office held and municipality of present address	Became a Director or Officer	Principal occupation and positions during the last five years (5)	Common Shares beneficially owned directly or indirectly	% of issued and outstanding common shares
Glen Brownlee <sup>(1)</sup> <sup>(2)</sup> <i>Independent Director</i> Vancouver BC	March 2004	Former Chairman & CEO Tantalus Systems	33,625	0.05%
Cameron Fraser <sup>(3)</sup> <i>Chief Technical Officer, Chief Operating Officer &amp;</i>	August 1999	Chief Technical Officer & Chief Operating Officer, WebTech Wireless Inc.	4,428,485	7.65%

<i>Director</i> North Vancouver, BC				
Leonard H. Metcalfe <sup>(1)(4)</sup> <i>Independent Director</i> Surrey, BC	April 2000	Chairman & CEO of LMI Technologies Inc.	115,625	0.19%
R.H. (Dick) Pinder <sup>(1)(2)(4)</sup> <i>Independent Director</i> Calgary, AB	January 2005	President of Kingsmere Corporate Finance Ltd.	46,125	0.07%
Peter W. Roberts <sup>(1)(2)(4)</sup> <i>Independent Director</i> West Vancouver, BC	March 2008	Corporate Director. Formerly, Interim Chief Financial Officer, University of British Columbia; President, the Institute of Chartered Accountants of British Columbia; Chief Financial Officer, Sierra Wireless Inc.	Nil	Nil
Anwar Sukkariè <i>President and Chief Executive Officer &amp; Director</i> Vancouver, BC	August 1999	President & Chief Executive Officer, WebTech Wireless Inc.	7,729,955	13.35%
Garnik Bobloyan <i>Vice President Engineering</i> North Vancouver, BC	November 2008	VP Engineering, WebTech Wireless Inc.; VP Engineering, Mobidia Inc.; VP of Application Software, Digital Dispatch Inc.	8,100	0.01%
Neil Chan <i>Sr. Vice President Worldwide Sales &amp; Marketing</i> Victoria, BC	November 2004	Sr. Vice President Worldwide Sales & Marketing WebTech Wireless Inc. Vice President of Airvana Inc.	198,000	0.34%
Scott Edmonds <i>Chief Financial Officer &amp; Secretary</i> Vancouver, BC	April 2007	Chief Financial Officer, WebTech Wireless Inc.; Chief Financial Officer, QuIC Financial Technologies Inc.	9,000	0.01%

<p>Lawrence Juba Vice President Operations Burnaby, BC</p>	<p>March 2008</p>	<p>VP Operations, WebTech Wireless Inc., VP Professional Services, Argon Security Technologies Ltd., VP Operations Digital Dispatch Systems, Inc.</p>	<p>5,000</p>	<p>0.00%</p>
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**Notes:**

- (1) Member of the Corporate Governance Committee.
- (2) Member of the Audit Committee.
- (3) The majority of Mr. Fraser's shares are held by Threshold Solutions Inc., a private British Columbia company that is wholly owned by Mr. Fraser
- (4) The principal occupation of this director is acting as an officer or partner of a company or partnership other than WebTech.
- (5) Such information, not being within the knowledge of the Company, has been furnished by the respective directors individually.

During the past five years, each director's or officer's principal occupation has been as indicated above except as follows:

***Glen Brownlee, Director***

Mr. Brownlee, age 61 is the former Chairman and CEO of Tantalus Systems Corp. Mr. Brownlee is also the former President and COO of Sierra Wireless and has held senior positions as Vice-President and General Manager of the Mobile Data Division of Motorola. Prior to that Mr. Brownlee was President, CEO and Director from 1997 to 1999 of Simware Inc. He was also in sales, marketing and general management with Systems Dimensions Ltd., Datacrown and Crowntek (all now part of IBM).

***Cameron B. Fraser, Chief Operating Officer, Chief Technical Officer, Director***

Mr. Fraser, age 58, was awarded his Bachelor of Science in Computer Science in 1975 from the University of Toronto. Since 1999, when he co-founded WebTech Mr. Fraser has lead the Product Development and Technical Groups of the Company. Since August 2005, he has been Chief Operating Officer and Chief Technical Officer of WebTech. From 1985 to 1999, Mr. Fraser was employed by Motorola in a variety of offices including; Director – Technology Group, Director – Product Development, Director – Engineering, and Manager – System Architecture and Network Management. During this time, he also served as Manager – Network Applications of Mobile Data International.

***Leonard H. Metcalfe, Director***

Mr. Metcalfe, age 55, has served as Chairman, CEO and a director of LMI Technologies Inc. ("LMI") since November 1997, and as Chairman of the Board of LMI since January 1998. LMI supplies machine vision systems for various manufacturing industries from its offices in Canada, USA, Sweden, Ireland and The Netherlands. Mr. Metcalfe is a member of the International Society of Optical Engineers. Mr. Metcalfe received a Diploma of Technology in Control Electronics from the British Columbia Institute of Technology in Vancouver, in 1973.

***R.H. (Dick) Pinder, Director***

Mr. Pinder, age 59, is President of Kingsmere Corporate Finance Ltd. in Calgary Alberta. Mr. Pinder graduated from the University of Saskatchewan (B. Comm.) and earned his Chartered Accountant designation in Alberta. For the past 10 years he has been an active advisor in corporate finance matters and transactions. Previously he served as the Chief Executive Officer of a regional western retail and distribution company for 12 years. Mr. Pinder is currently a director of Newalta Inc. (TSX: NAL) and serves as the Chairman of its Audit Committee.

***Peter W. Roberts, F.C.A., Director***

Mr. Roberts, age 65, has worked in public accounting in Canada, the US and the UK, and for the past 25 years he has worked at a number of public and private corporations in various executive financial roles. In 2004, he retired as Chief Financial Officer of Sierra Wireless Inc., a company which he joined in 1999 and guided through its IPO and multiple financings. Mr. Roberts is a Director of the CICA's Risk Management and Governance Board, and recently completed his term as President of the Institute of Chartered Accountants of BC. He is a graduate of the Institute of Corporate Directors, and is a member of the Board of Directors of Cardiome Pharma Corp., where he serves as Chair of their Audit Committee.

***Anwar F. Sukkarié, President, Chief Executive Officer, Director***

Mr. Sukkarié, age 49, was awarded his Master of Sciences in Electrical Engineering in 1987 from the University of Calgary and his Bachelor of Engineering in Electrical Engineering in 1982 from the American University in Beirut, Lebanon. He co-founded WebTech with Mr. Fraser in 1999 and since April 2000, he has been President and Chief Executive Officer of WebTech. From March 1990 to December 1999, he was employed by Motorola – EMEA in the Motorola Wireless Data Systems Division, in the capacities of Senior Business Development Manager (UAE, Middle East and Africa), Operator – General Management, Senior Project Manager, Product Development Program Manager and Business Manager.

***Garnik Bobloyan, Vice President Engineering***

Mr. Bobloyan, age 48, has spent his entire 25 year career designing and developing wireless data systems and associated applications. He has served in a number of technology leadership roles including Vice President roles leading large teams on complex product development initiatives and large scale deployments with firms like Mobidia, Digital Dispatch and eDispatch Wireless Data. In addition, he has held senior management roles at MDSI, (now Ventyx), Motorola, and MDI. Mr. Bobloyan holds both a Bachelors degree and a Masters in Computing Science from Simon Fraser University.

***Neil Chan, Senior Vice President Worldwide Sales and Marketing***

Mr. Chan, age 47, has over 20 years experience in the wireless communications industry, with expertise in product and service development, marketing and sales. Previously, Mr. Chan served as the founding executive and Vice President of Global Accounts for Airvana, Inc., a world class 3G infrastructure supplier. As Motorola's Vice President and Managing Director for the Broadband Communication Sector for the Asia Pacific Region, Mr. Chan was responsible for growing annual revenues from start-up to \$400M within four years of operation. He has a

Master's in Business Administration degree in Engineering and Technology Management.

***Scott B. Edmonds, Chief Financial Officer and Corporate Secretary***

Mr. Edmonds, age 48, has been Chief Financial Officer of WebTech since April 2007 and also serves as Company Secretary. Mr. Edmonds obtained his Chartered Accountant designation in Ontario in 1986, has completed the Executive Development Programme at the Kellogg School of Management at Northwestern University and holds an Honours BBA from Bishop's University. Mr. Edmonds' previous positions include Chief Financial Officer at QuIC Financial Technologies and Chancery Software both in Vancouver, and a variety of senior finance and management positions with the Walt Disney Company in Europe and Asia from 1990 to 1999. Mr. Edmonds is currently a member of the Board of Directors and the Chairman of the Audit Committee of MRS Trust Company.

***Lawrence Juba, Vice President Operations***

Mr. Juba, age 50, has been Vice President of Operations of WebTech since March 2008. Mr. Juba has over 20 years of experience in building and leading engineering, operations and professional services teams for wireless technology companies. He has extensive experience in International Operations, Project Management, Systems & Applications Engineering, Software Engineering, Hardware Engineering, Customer Service, Manufacturing, Product Management and IT. Mr. Juba has held Vice President and Director roles and has been responsible for deploying and supporting large wireless enterprise systems in companies such as Digital Dispatch Systems and Glenayre.

**8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as described below, no director or officer of the Company is, as of the date of the AIF or has been, within the 10 years preceding the date of this AIF, a director, chief executive officer or chief financial officer of any issuer that:

- was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days or while the director or officer was acting in the capacity of director, chief executive officer or chief financial officer of the issuer;
- was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer and resulted in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days.

Other than as described below, no director or officer of the Company, or to the best of the Company's knowledge, a shareholder holding a sufficient number of securities of the Company to materially control the Company:

- is, as of the date of this AIF, or has been within 10 years preceding this date, a director or executive officer of any company that, while that person was acting in that

capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- has, within the ten years before the date of this AIF, become 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 the assets of the director, officer or shareholder.

Leonard Metcalfe, was a director of Forum Ventures Inc., which was suspended by the TSX-V from trading as a result of its failure to maintain tier listing requirements and the fact that it had been inactive for over 18 months. Trading was reinstated on August 21, 2002.

In August 2003, R.H. (Dick) Pinder was appointed to the board of directors of Launch Resources Inc. at the request of a major shareholder, to assist with a workout situation after it had become subject to a cease trade order. Mr. Pinder resigned from the board of directors in December 2003. In September 2004 Launch Resources Inc. was granted an order from the Court of Queen's Bench of Alberta under the Companies' Creditors Arrangement Act.

No director or officer of the Company, or to the best of the Company's knowledge, shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been subject to:

- any penalties or sanctions imposed by a court relating to 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 a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **8.3 Conflicts of Interest**

There are no existing or potential material conflicts of interest between WebTech and any director or officer of WebTech or any subsidiary of WebTech.

## **9. LEGAL PROCEEDINGS**

On May 11, 2008 the Company was served with notice of a lawsuit filed in the Eastern District of Texas by Lunar Eye, alleging patent infringement by the Company. This lawsuit which had been scheduled for trial in November 2008 is currently stayed pending the outcome of an appeal by Lunar Eye of an Office Action by the US Patent and Trademark Office ("USPTO") which rejected the relevant claim of the patent in question.

The USPTO reviewed the relevant claim of the patent in question after the Company filed a Request for Review citing significant prior patented art. Lunar Eye filed its appeal of the USPTO Office Action on August 5, 2008 and it is not known when the USPTO will respond to the appeal. The Company believes the Lunar Eye lawsuit to be without merit.

The Company has filed a number of lawsuits in Brazil against its former distributor in Brazil, Crown Telecom Inc. ("Crown"), the principal of Crown and certain companies related to Crown. The Company has previously reached certain partial settlement agreements with Crown under which Crown has granted the Company an irrevocable and complete release from any litigation action by Crown against the Company. Despite this release, Crown has obtained a judgment against the Company in a counter suit against the Company for business interference including a claim of 106 million Brazilian Reals (approximately C\$56 million) from a lower court in Brazil. The Company believes that due process was not followed in this case, as the Company was not accorded the opportunity to present evidence or to respond to the accusations from Crown. As such the Company does not believe the judgment is valid, nor will stand up to scrutiny from a more senior and independent court. The Company is appealing the decision of the lower court and has made no provision in its accounts for the judgment.

#### **10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed below, the Company has not had any material transactions that involve:

- a director or executive officer of the Company;
- a person or corporation that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the outstanding voting securities of the Company; and
- an associate or affiliate of any of the persons or companies referred to in paragraphs (a) and (b) above.

#### **11. REGISTRAR AND TRANSFER AGENT**

The Registrar and Transfer Agent for the Company is Computer Share Trust Company of Canada located at 2<sup>nd</sup> Floor – 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

#### **12. MATERIAL CONTRACTS**

Other than described above (See Sections 3 and 4 above), the Company did not enter into any material contracts during the Transition Period ended December 31, 2008 other than in the ordinary course of business.

#### **13. INTERESTS OF EXPERTS**

The auditor for the Company is PricewaterhouseCoopers ("PwC"), 250 Howe Street, Suite 700, Vancouver BC, Canada, V6C 3S7. PwC reported on the Company's audited financial statement

for the Transition Period ended December 31, 2008, from which certain financial information in this document is derived.

The Company has been advised that the partners and associates of PricewaterhouseCoopers, Chartered Accountants, own none of the issued and outstanding securities in the capital of the Company.

#### **14. ADDITIONAL INFORMATION**

##### **14.1 Additional Information**

Additional information relating to the Company:

- (a) may be found on SEDAR at [www.sedar.com](http://www.sedar.com);
- (b) including directors and officers remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Information Circular for the Company's most recent annual meeting of shareholders; and
- (c) is provided in the Company's financial statements and management discussion and analysis for its most recently completed financial year.

##### **14.2 Audit Committee**

The Company's Audit Committee is currently comprised of the following independent directors: Messrs. Pinder (Chairman), Brownlee and Roberts. All members of the Audit Committee, current and proposed, are financially literate and independent. The Audit Committee has adopted a written mandate, the text of which is attached to this AIF as Schedule "B".

##### **Relevant Education and Experience**

Each of the members of the Audit Committee has the education and/or experience that is relevant or necessary for them to carry out their duties as a member of the Audit Committee. Mr. Pinder (Chairman) is a Chartered Accountant and holds a Bachelor of Commerce degree who has been an active advisor in numerous corporate finance matters and transactions, has served as a director of other public companies and has served and chaired the audit committees of those companies. Mr. Brownlee has been a senior officer at a number of private and public companies throughout his career, and has served on the audit committee of certain of those companies from time to time. Mr. Roberts is a Chartered Accountant and former President of the Institute of Chartered Accountants of British Columbia, and currently serves as a Director of the Risk Management and Governance Board, of the Canadian Institute of Chartered Accountants. In addition, Mr. Roberts has served as the CFO of a number of large public companies in his career and has authored certain studies of disclosure controls and other governance related matters. For a further description of the Audit Committee members' backgrounds, see the profiles that appear in Section 8 herein under the heading, "Directors and Officers – Name, Occupation and Security Holding".

**Reliance on Certain Exemptions**

The Company did not at any time since the commencement of the most recently completed financial year rely on an exemption contained in Multilateral Instrument 52-110 Audit Committees ("MI 52-110") in whole or in part.

**Audit Committee Oversight**

The Directors have accepted all recommendations of the Audit Committee since the commencement of the most recently completed financial year regarding the recommendation to nominate or compensate an external auditor.

**Pre-Approval Policies and Procedures**

The Audit Committee shall have authority and responsibility for pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.

**External Auditor Service Fees by Category**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2008	122,399	Nil	14,800	-
July 31, 2008	189,875	Nil	6,250	48,689

## SCHEDULE "A" BUSINESS TERMS

"**AVL**" means Automatic Vehicle Location, which is the ability to track a vehicle equipped with an in-vehicle GPS system that transmits location information over a wireless communications system;

"**Bluetooth**" is a computing and telecommunications industry specification that describes how mobile phones, computers and PDAs can easily interconnect with each other and with home and business phones and computers using a short wireless connection.

"**Carriers**" means wireless network operators that provide wireless services and products;

"**CDPD**" means Cellular Digital Packet Data, which is an enhanced system overlay for transmitting and receiving data over cellular networks;

"**CE**" means Certificate European, which is evidence that an object or process meets a particular standard that has been adopted in the European Economic Community;

"**City Search**" means the ability to search information such as the nearest gas station, automated teller machine or other plots on a map;

"**CSA**" means Canadian Standards Association, which is evidence that an object or process meets a particular standard that has been adopted in Canada;

"**DataTAC**" means one type of wireless data communications network that is used in various parts of the world;

"**digital communications**" means the newest form of wireless communications that takes all analog voice transmissions and converts it to digital computer format (zeros and ones, or "binary" language) for transmission and then reconstructs them into the original analog voice signal at the other end;

"**Driver ID tags**" are magnetic devices which carry certain personal identification information and which are used to record and to match the identity of vehicle operators;

"**geofencing**" means the ability to create a virtual zone around a geographic location that can be used to monitor vehicles entering and exiting the zone;

"**GPRS**" means general packet radio services, which is a 2.5-generation technology (being implemented in GSM networks) that may offer wireless data access speeds of up to 144 kilobits per second in end-user devices;

"**GPS**" means global positioning system, which is a series of 24 geosynchronous satellites that continuously transmit their position that are used in personal tracking, navigation and automatic vehicle location technologies;

"**GSM**" means global system for mobile communications, which is a type of digital cellular or personal communications services network used throughout the world;

"**J1708**" refers to a vehicle computer interface standard used in heavy duty trucks that provides engine and vehicle status information such as fuel use, engine RPM, brake usage and engine fault code information;

"**MDT**" or "**Mobile Data Terminal**" means a device that may be installed in a vehicle and that consists of a screen, a keyboard or other operator interface, and various amounts of memory and processing capabilities;

"**NOC**" means network operations center, which is the operations control center for various types of networks including wireless, data, and Telematics services;

"**OEM**" means original equipment manufacturer;

"**Panic Buttons**" are vehicle mounted devices which can be easily activated to send a distress signal by the operator

"**PCB**" means printed circuit board(s);

"**PDA**" means personal digital assistant, which is a portable computing device that may also be capable of transmitting data;

"**services portal**" means the website where Internet based services are accessed by subscribers to the portal services;

"**TDMA**" means time division multiple access, which is a method of digital wireless communications transmissions allowing a large number of users to access a single radio frequency channel without interference;

"**Telematics**" refers to the use of computers in concert with telecommunications systems used in automobiles that combine wireless communications with GPS tracking, navigation and other telecommunication functions that originate or end inside automobiles;

"**Tracking**" means locating or identifying a vehicle's present whereabouts on a map, achieved through GPS and wireless networks;

"**wireless**" means using the radio-frequency spectrum for transmitting and receiving voice, data and video signals for communications;

"**wireless application service provider**" means a corporation that hosts wireless services and or applications in a subscription model; and

"**WiFi**" is short for 'wireless fidelity' and refers to certain types of wireless local area networks. Many airports, hotels, and other services offer public access to WiFi networks so people can log onto the Internet and receive emails on the move.

## SCHEDULE "B" AUDIT COMMITTEE CHARTER

### Audit Committee Charter

1. **Establishment of Audit Committee:** The directors of the Company (the "Directors") hereby establish an audit committee (the "Audit Committee").
2. **Membership:** The membership of the Audit Committee shall be as follows:
  - (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.
  - (b) All members of the Audit Committee shall be independent Directors.
  - (c) Each member of the Audit Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under MI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised by the Company's financial statements.
  - (d) Members shall be appointed annually from among members of the Directors. A member of the Audit Committee shall ipso facto cease to be a member of the Audit Committee upon ceasing to be a Director of the Company.
3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.
4. **Mandate:** The Audit Committee shall have responsibility for overseeing:
  - (a) the accounting and financial reporting processes of the Company; and
  - (b) audits of the financial statements of the Company.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Company to review all financial statements of the Company which require approval by the Directors, including year end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

- (a) reviewing the Company's financial statements, MD&A and earnings press releases before the information is publicly disclosed;
- (b) overseeing the work of the external auditors engaged for purpose of preparing or issuing , an audit report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting;

- (c) reviewing annually and recommending to the Directors:
  - i. the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and
  - ii. the compensation of the external auditors.
  
- (d) discussing with the external auditor:
  - i. the scope of the audit, in particular their view of the quality of the Company's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Company's financial disclosure and reporting, degree of conservatism or aggressiveness of the Company's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;
  - ii. significant changes in the Company's accounting principles, practices or policies; and;
  - iii. new developments in accounting principles, reporting matters or industry practices which may materially affect the Company.
  
- (e) reviewing with the external auditor and the Company's senior financial management the results of the annual audit regarding:
  - i. the financial statements;
  - ii. MD&A and related financial disclosure contained in continuous disclosure documents;
  - iii. significant changes, if any, to the initial audit plan;
  - iv. accounting and reporting decisions relating to significant current year events and transactions;
  - v. the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - vi. any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under generally accepted auditing standards.
  
- (f) reviewing and discussing with the Company's senior financial management and, if requested by the Audit Committee, the external auditor:
  - i. the interim financial statements;
  - ii. the interim MD&A; and
  - iii. any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies.
  
- (g) receipt from external auditor of a formal written statement delineating all relationships between the auditor and the Company and considering whether the advisory services

performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between the external auditor and the Company is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor.

- (h) pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.
- (i) reviewing and discussing with the external auditors and senior financial management: the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above.
- (j) establishing and reviewing of procedures for:
  - i receipt, retention and treatment of complaints received by the Company and its subsidiary entities regarding internal accounting controls, or auditing matters;
  - ii anonymous submission by employees of the Company and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and
  - iii hiring policies regarding employees and former employees of present and former external auditors of the Company and its subsidiary entities.
- (k) reviewing with the external auditor, within the scope of the audit, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Company that may have a material adverse impact on the Company's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures.
- (l) reviewing and/or considering that, with regard to the previous fiscal year,
  - i. management has reviewed the Company's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
  - ii. the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Company's financial statements;
  - iii. the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Company's management and the external auditor; and

- iv. in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects and that the financial statements fairly reflect the financial condition of the Company.
5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:
- (a) A quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee.
  - (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Company. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed.
  - (c) The Audit Committee may invite such Directors, directors, officers and employees of the Company or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The independent auditor is to appear before the Audit Committee when requested to do so by the Audit Committee.
  - (d) The time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Company.
  - (e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting.
  - (f) Notice of meetings of the Audit Committee may be given to the independent auditor and shall be given in respect of meetings relating to the annual audited financial statements. The independent auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the independent auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or shareholders of the Company.
  - (g) The Audit Committee shall report to the Directors of the Company on such matters and questions relating to the financial position of the Company or any affiliates of the Company as the Directors of the Company may from time to time refer to the Audit Committee.

- (h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Company and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Company with the Directors, directors, officers, employees and independent auditor of the Company and its affiliates.
- (i) Minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.
- (j) The Audit Committee shall, upon the approval of the Directors, adopt a formal written charter, which sets out the Audit Committee's responsibilities, the way they should be implemented and any other requirement such as membership and structure of the Audit Committee. The Audit Committee shall review and reassess the adequacy of the charter on an annual basis.
- (k) The Audit Committee shall have the authority to:
  - i engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;
  - ii set and pay the compensation for any advisors employed by the Audit Committee; and
  - iii communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.