PREPAYMENT AGREEMENT (this "**Agreement**") dated as of November 16, 2006,

BETWEEN	**ARIUS RESEARCH INC.**, a corporation constituted in accordance with the laws of the Province of Ontario, having its registered office at 55 York Street, 16th Floor, Toronto, Ontario, M5J 1R7; (the "**Borrower**")
AND:	**XMARK OPPORTUNITY FUND, LTD.**, a corporation constituted in accordance with the laws of the Cayman Islands, having a place of business at 301 Tresser Boulevard, Suite 1320, Stamford, Connecticut, 06901; ("**Xmark Fund**")
AND:	**XMARK JV INVESTMENT PARTNERS, LLC**, a limited liability company constituted in accordance with the laws of the state of Delaware, having a place of business at 301 Tresser Boulevard, Suite 1320, Stamford, Connecticut, 06901; ("**Xmark LLC**")
AND:	**XMARK OPPORTUNITY FUND, L.P.**, a limited partnership constituted in accordance with the laws of the state of Delaware, having a place of business at 301 Tresser Boulevard, Suite 1320, Stamford, Connecticut, 06901; ("**Xmark LP**", and, together with Xmark Fund and Xmark LLC, the "**Lenders**")

WHEREAS the parties hereto are parties to a credit agreement dated December 9, 2005 (the "**Credit Agreement**"), pursuant to which the Lenders have established a credit in the principal amount of $2,000,000 in favour of the Borrower (the "**Credit**");

AND WHEREAS the Borrower wishes to permanently prepay in full the aggregate principal amount of the Credit not yet repaid in accordance with the provisions of the Credit Agreement, together with any other amount in accrued and unpaid interest, in each case, payable to the Lenders by the Borrower pursuant to the Loan Documents (as defined in the Credit Agreement) (the "**Loan**");

AND WHEREAS the Borrower has provided the Toronto Stock Exchange (the "TSX") with notice of its intent to repay the interest portion of the Loan by issuing common shares in the capital of the Borrower to the Lenders (the "TSX Notice");

AND WHEREAS by letter dated November 6, 2006 the TSX has accepted the TSX Notice (the "TSX Letter);

AND WHEREAS the Lenders and the Borrower have agreed to extend the expiry date of the share purchase warrants (the "**Warrants**") issued by the Borrower to the Lenders pursuant to the Credit Agreement to December 31, 2008 pursuant to letter agreements between the Borrower and the Lenders, dated as of the date hereof, upon the terms and conditions specified therein (the "**Warrant Amendments**");

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Interpretation: All words and expressions defined in the Credit Agreement shall have the same meanings when used herein unless otherwise defined.

2. Consent of the Lenders: Pursuant to Section 17.4 of the Credit Agreement, the Lenders hereby provide their unanimous consent to the prepayment of the Loan as contemplated by this Agreement.

3. Consent of the Agent: Pursuant to Section 17.4 of the Credit Agreement, Xmark LP, in its capacity as agent under the Credit Agreement, acting in accordance with the instructions of all of the Lenders, hereby consents to the prepayment of the Loan as contemplated by this Agreement.

4. Consent of the Borrower: Pursuant to Section 17.4 of the Credit Agreement, the Borrower hereby consents to the prepayment of the Loan as contemplated by this Agreement.

5. Prepayment Amount: The amount required to prepay in full the outstanding amount of the Loan shall be US $2,123,062 (the **"Aggregate Prepayment Amount**"). Of the Aggregate Prepayment Amount, US $123,062 is attributable to accrued interest owing in respect of the Credit (the "**Interest Prepayment Amount**"), and US $2,000,000 is attributable to principal owing in respect of the Credit. The Interest Prepayment Amount was calculated based on interest accruing on the principal owing on the Credit for the 352-day period commencing on December 14, 2005, the date in which the US $2,000,000 was received by the Borrower, through November 30, 2006, calculated on the basis of a 365-day year and an interest rate of 13.25% per annum, less the amount of US $132,500, which has already been paid by the Borrower to the Lender.

6. **Prepayment of Principal:** US $2,000,000 (being the Aggregate Prepayment Amount less the Interest Payment Amount) shall be paid by the Borrower to the Lenders on November 30, 2006 (the **"Prepayment Date"**) in cash to be paid by wire transfer to an account or accounts designated in writing by Lenders, as set out in Schedule "A" hereto.

7. **Prepayment of Interest:** The Interest Prepayment Amount shall be paid by the Borrower on the Prepayment Date by the issuance of common shares in the capital of the Borrower ("**Common Shares**") to each Lender in accordance with section 5.2 of the Credit Agreement. The number of common shares to be issued to the Lenders (given each Lender's Pro Rata Share) shall be based on the volume weighted average price on the TSX for the 5 day trading period immediately prior to the Prepayment Date. The Lenders hereby waive any notice requirements in connection with such prepayment.

8. **Lenders' Waiver of Conversion Right:** Subject to receipt by the Lenders of the Aggregate Prepayment Amount on the Prepayment Date, each Lender hereby waives its respective right under Section 7.1 of the Credit Agreement to convert such Lender's Pro Rata Share of the Loan into Common Shares.

9. **Loan:** For the avoidance of doubt and, notwithstanding any provision of the Credit Agreement, the Borrower shall be entitled to prepay the Loan on the Prepayment Date for the Aggregate Prepayment Amount.

10. **Consent to Release of Security Interest:** Pursuant to Section 17.4 of the Credit Agreement, the Lenders hereby provide their unanimous consent to the release of the Liens created under the Security Agreement following the Lenders' receipt of the Aggregate Prepayment Amount. The Lenders and the Agent further agree, upon receipt of the Aggregate Prepayment Amount on the Prepayment Date, to execute a Release and Discharge of Security in the form attached hereto as Schedule "A".

11. **Release, Waiver and Termination:** Upon receipt by the Lenders of the Aggregate Prepayment Amount on the Prepayment Date, (i) all indebtedness of the Borrower to the Lenders under the Credit Agreement shall be absolutely released, discharged and satisfied in full, (ii) the Borrower shall be released from all liabilities and obligations to the Lenders in connection with the Credit Agreement, (iii) the Lenders shall be released from all liabilities and obligations to the Borrower arising from or in connection with the Credit Agreement, and (iv) the Credit Agreement and any other agreements or documents contemplated thereby, including without limitation the security agreement between the Borrower and the Agent dated December 9, 2005, shall be terminated.

12. **Conflicts:** Any and all provisions of the Credit Agreement that conflict with or are otherwise inconsistent with this Agreement are hereby waived for the purposes of this Agreement.

13. **Representations and Warranties of the Borrower:** The Borrower hereby represents and warrants to the Lenders: (i) it is a corporation duly incorporated and organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and of all jurisdictions in which it carries on business; (ii) it has the capacity and power, whether corporate or otherwise, to hold its assets and carry on the business presently carried on by it or which it proposes to carry on hereafter in each jurisdiction where such business is carried on; (iii) it has the power and has taken all necessary steps under the Law in order to be authorized to execute and deliver and perform its obligations under this Agreement and the Warrant Amendments in accordance with the terms and conditions hereof and thereof and to complete the transactions contemplated hereby; (iv) this Agreement has been, and the Warrant Amendments will be, duly executed and delivered by duly authorized officers of the Borrower and is, and when executed and delivered in accordance with the terms hereof and thereof, shall be, legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms; (v) the execution and delivery of and performance of the obligations under this Agreement and the Warrant Amendments in accordance with their respective terms and the completion of the transactions contemplated herein or therein do not require any consents or approvals (other than the conditions set forth in the TSX Letter), do not violate any laws, do not conflict with, violate or constitute a breach under the documents of incorporation or by-laws of the Borrower or under any material agreements, contracts or deeds to which the Borrower is a party or binding upon it or its assets and do not result in or require the creation or imposition of any Charge whatsoever on the assets of the Borrower, whether presently owned or hereafter acquired; (vi) the Borrower is not required to obtain any consent, approval, authorization, permit or license, nor to effect any filing or registration with any federal, provincial or other regulatory authority in connection with the execution, delivery or performance of this Agreement or the Warrant Amendments, including the listing of the Common Shares to be issued herein (other than compliance with the conditions set forth in the TSX Letter); and (vii) the transactions contemplated by this Agreement and the Warrant Amendment have been approved by the Borrower and the shareholders of the Borrower in accordance with all applicable laws and rules of the TSX, including, without limitation, under Ontario Securities Commission Rule 61-501 – Related Party Transactions.

14. **Representations and Warranties of the XMark Fund and XMark LLC:** Each of Xmark Fund and Xmark LLC (the "**Corporate Lenders**"), jointly and severally, hereby represent and warrant to the Borrower: (i) each of the Corporate Lenders is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and of all jurisdictions in which it carries on business; (ii) each of the Corporate Lenders has the power and has taken all necessary steps under the Law in order to be authorized to execute and deliver and perform its obligations under this Agreement in accordance with the terms and conditions hereof and to complete the transactions contemplated hereby; (iii) this Agreement has been duly executed and delivered by duly authorized officers of each of the Corporate Lenders and is, and when executed and delivered in accordance with the terms thereof, shall be, a legal, valid and binding obligation of each of the Corporate Lenders enforceable in accordance with its terms; (iv) the execution and delivery of and performance of the obligations under this Agreement in accordance with its terms and the completion of the transactions contemplated herein do not violate any Laws, and do not conflict with, violate or constitute a breach under the constituent documents of the Corporate Lenders.

15. **Representations and Warranties of XMark LP:** Xmark LP hereby represents and warrants to the Borrower: (i) it is a limited partnership duly formed, organized and validly existing under the laws of the State of Delaware; (ii) it has the necessary partnership authority, power and capacity to enter into, execute and deliver this Agreement and to perform its obligations under this Agreement; (iii) this Agreement has been duly executed and delivered by all necessary proceedings and is, and when executed and delivered in accordance with the terms thereof, shall be, a legal, valid and binding obligation of Xmark LP enforceable in accordance with its terms; (iv) the execution and delivery of and performance of the obligations under this Agreement in accordance with its terms and the completion of the transactions contemplated herein do not conflict with, violate or constitute a breach of the constituent documents of Xmark LP.

16. Covenants: The Borrower shall (i) list the common shares to be issued in connection with the Interest Payment Amount on the TSX as of the Prepayment Date, (ii) satisfy the conditions set forth in the TSX letter upon the terms thereof, including, without limitation, the payment of the additional listing fee specified therein in respect of the Common Shares to be issued in connection with the Interest Payment Amount, and (iii) promptly execute, acknowledge and deliver such further documents, certificates and instruments and do such other acts and things as the Agent or any other Lender may reasonably request in order to effect fully the purposes of this Agreement.

17. Governing Law; Submission to Jurisdiction: This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Lenders and the Borrower hereby submit to the nonexclusive jurisdiction of the courts of the Province of Ontario.

18. Execution: This Agreement may be executed in counterparts, all of which when taken together shall constitute one document. The parties to this Agreement may rely on facsimile signatures provided by any of the parties hereto, as if such facsimile signatures were original signatures.

[Remainder of page intentionally left blank – signature page follows]

IN WITNESS OF WHICH the parties have executed this Agreement as of the date first referred to above.

ARIUS RESEARCH INC.

Per: (Signed) *"Warren Whitehead"*
Name: Warren Whitehead
Title: Chief Financial Officer

Address: 55 York Street
16th Floor
Toronto, Ontario
M5J 1R7

Attention: President
Telecopier: (416) 862-9696

XMARK OPPORTUNITY FUND, L.P., as Agent and Lender, by its General Partner XMARK OPPORTUNITY GP, LLC

Per: (Signed) *"Mitchell D. Kaye"*
Name: Mitchell D. Kaye
Title: Chief Executive Officer

Address: 301 Tresser Boulevard, Suite 1320
Stamford, Connecticut
06901

Attention: Chief Executive Officer
Telecopier: (203) 653-2501

XMARK OPPORTUNITY FUND, LTD.
by its Investment Manager
Xmark Opportunity Manager, LLC

Per: (Signed) *"Mitchell D. Kaye"*
Name: Mitchell D. Kaye
Title: Chief Executive Officer

Address: 301 Tresser Boulevard, Suite 1320
Stamford, Connecticut
06901

Attention: Chief Executive Officer
Telecopier: (203) 653-2501

XMARK JV INVESTMENT PARTNERS, LLC
by its Investment Manager **XMMARK OPPOTRUNITY PARTNERS, LLC**

Per: (Signed) *"Mitchell D. Kaye"*
Name: Mitchell D. Kaye
Title: Chief Executive Officer

Address: 301 Tresser Boulevard, Suite 1320
Stamford, Connecticut
06901

Attention: Chief Executive Officer
Telecopier: (203) 653-2501

SCHEDULE "A"

Repayment Amounts
(Principal)

LENDER	PAYMENT
Xmark Opportunity Fund, Ltd.	US $700,000 [35% x (Aggregate Prepayment Amount – Interest Prepayment Amount]
Xmark JV Investment Partners, LLC	US $800,000 [40% x (Aggregate Prepayment Amount – Interest Prepayment Amount]
Xmark Opportunity Fund, LP	US $500,000 [25% x (Aggregate Prepayment Amount – Interest Prepayment Amount]