SELECTCORE LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2011

May 22, 2012

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NON-GAAP FINANCIAL MEASURES

This annual information form ("**Annual Information Form**") refers to certain financial measures that are not determined in accordance with generally accepted accounting principles ("**GAAP**") in Canada. These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. Although measures such as "Earnings Before Interest, Income Taxes, Extraordinary Items, Stock-based Compensation, Depreciation of Property and equipment and Amortization of Intangible Assets and Capital Raising Costs"("**EBITDA**") do not have standardized meanings prescribed by GAAP, these measures are used herein or can be determined by reference to its financial statements. Readers are cautioned that non-GAAP measures used herein are not alternatives to measures under GAAP and should not, on their own, be construed as indicators of the Company's performance or cash flows, measures of liquidity or as measures of actual return on the Company's common shares. These non-GAAP measures, as presented, should only be used in conjunction with the consolidated financial statements of the Company.

REPORTING CURRENCY

All dollar amounts are presented in Canadian dollars unless otherwise indicated. The Company's quarterly and annual financial statements are presented in Canadian dollars and are reported in accordance with Canadian GAAP.

MARKET AND INDUSTRY DATA

All telecommunication and financial services market and industry data presented in this Annual Information Form is compiled from a combination of internally generated management estimates, including estimates based on our review of third party industry publications and/or websites. While we believe such information, and estimates to be reliable, we have not verified them, nor have they been verified by any independent sources and we have no assurance that the information compiled is current and up-to-date. While we are not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Special Note Regarding Forward-Looking Statements" and "Risk Factors".

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form, constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions and variations (including negative variations). Forward-looking information in this Annual Information Form includes, but is not limited to:

- statements or information concerning the Company's future operation plans;
- plans to roll out new products and services;
- plans to engage additional personnel;
- plans to expand to new markets; and
- financing options and plans.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. In particular, this Annual Information Form contains forward-looking statements where we have made assumptions regarding, among other things: risks associated with legacy business revenues, cash flows and profitability risks, ability to continue as a going concern, supplier dependency, customer relationships and loss of major customers, risks associated with retail distribution channels and reliance on distributors and sales agents, lack of operating history with new business segments, risks associated with evolving business models and new product launches, uncertain demand, risks associated with effective growth management, competition, financing requirements and availability of capital, liquidity, share price and volume volatility, fluctuation in operating results, reliance on key personnel, credit risk and bad debts, risks associated with regulatory regime, economic risk, liabilities from acquisitions, changes in technology, network and internal fraud, infrastructure stability, disaster recovery, software viruses and network intrusion, improper disclosure of personal data, proprietary information, conflicts of interest, and foreign exchange risks. Management has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form in order to provide shareholders with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "Risk Factors" in this Annual Information Form.

GLOSSARY OF TERMS

In this Annual Information Form, the following abbreviations and terms shall have the meanings set forth below, unless otherwise indicated:

"**Annual Information Form**" means this annual information form of the Company;

"**Audit Committee**" has the meaning set out under the heading "Audit Committee Information";

"**BIN**" means the Bank Identification Number, which is the first four to six digits of a network branded credit or stored value card that identifies the financial institution issuing the card;

"**Board of Directors**" or "**Board**" means the Board of Directors of the Company;

"**Business**" or "**Business Segment**" means SelectCore's businesses or operating divisions being Prepaid Telecommunications, Technology & Licensing Solutions and Prepaid Financial Services;

"**Card(s)**" means a numbered card (with magnetic strip or other encoding system) issued by a financial institution or other entity (the "issuer"), which entitles the cardholder to carry out transactions through one or more Networks that the issuer is a member of;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**Charter of the Audit Committee**" has the meaning set out under the heading "Audit Committee Information - Charter of the Audit Committee";

"**Closed-Loop**" is a term used to describe stored-value cards such as gift cards that can be used only in a single store or group of stores;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**", "**SelectCore**", "**we**", "**us**" or "**our**" means SelectCore Ltd. and, when used in the context of describing the Company's assets and business, may include its subsidiaries and predecessors;

"**CRTC**" means the Canadian Radio-television Telecommunications Commission;

"**E-PIN**" means an authorization code or PIN delivered via a voucher from a point-of-sale terminal that provides access to certain prepaid products or services;

"**GAAP**" means generally accepted accounting principles;

"**IMTU**" means international mobile top-up, which is a means of adding value to an international prepaid mobile account in real-time;

"**Interchange**" means the fees that must either be paid: (a) to an Issuer by an acquirer or (b) to an acquirer by an Issuer (based on transaction type and network rules);

"**Iridium**" means the brand of the Company's Prepaid MasterCard product;

"**Issuer**" refers the financial institution authorized by the MasterCard or Visa Network to issue a Card;

"**IVR**" means an automated, Interactive Voice Response telephone system for providing customer service;

"**Open Loop**" is a term used to describe general purpose stored-value cards that are network branded by carrying the MasterCard, Visa, etc. logo and can be used wherever those cards are accepted;

"**PIN**" means personal identification number;

"**POP**" means point-of-purchase marketing materials for promoting sales of the products;

"**POS**" means point-of-sale;

"**POSA**" means point-of-sale activation;

"**PrepaidONE**" means the brand of the Company's retail point-of-sale platform;

"**Prepaid Open-Loop Card**" or "**Open-Loop Card**" means a network branded MasterCard or Visa Card with a prepaid limit that can be used to carry out transactions at ATMs or point of sale payment Terminals worldwide across the payment networks;

"**Prepaid Products**" means a product or a service that a consumer pays for in advance in a fixed monetary denomination for later use or where the remaining balance of the advance is debited each time the consumer uses or accesses the product or the service;

"**Private Label Card Program(s)**" means a customer program for Open-Loop or Closed Loop Cards that are branded under the customer's own brand;

"**ReCash**" means the brand of the Company's ubiquitous point-of-sale cash reload network;

"**Retailer**" or "**Retail Partner**" means any retailer who utilizes the Company's point-of-sale platform to sell Prepaid Products to consumers;

"**Sales Agent**" means a third party, independent sales agent that services the Company's Retailers;

"**SCG**" means SelectCore's trading symbol on the TSXV;

"**Shareholder**" means a holder of Common Shares;

"**Terminals**" means the point of sale devices owned by SelectCore that are deployed at retail locations in the marketplace;

"**Terminal Credit Voucher**" means a prepaid voucher with an authorization code or PIN that enables a Retailer to load credit to their terminal device in order to access the Company's point-of-sale platform for the sale of Prepaid Products to consumers;

"**Top-Up Transaction**" means any of a variety of transactions processed over the Company's point-of-sale platform that involves the posting of value to a consumer's prepaid account;

"**TSXV**" means the TSX Venture Exchange Inc.; and

"**Verifone**" means the primary brand of the Terminals.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

The Company was incorporated on February 23, 2004 under the *Business Corporations Act* (Ontario) (the "**OBCA**") under the name Ribbon Capital Corp. ("**Ribbon**"). Ribbon was established as a capital pool company and completed its initial public offering on June 23, 2004.

On October 15, 2006, Ribbon completed the acquisition of shares in 1382285 Ontario Ltd. operating as SelectComm ("**SelectComm**"), Local Fone Service Inc. ("**LFS**") and Integrated Brands Ltd. ("**Integrated**") which acquisition constituted Ribbon's "Qualifying Transaction" as defined under Policy 2.4 of the TSXV Corporate Finance Manual.

On January 12, 2007, the Company amended its articles to change the name of the Company from Ribbon Capital Corp. to SelectCore Ltd.

The registered and head office of SelectCore is 1600 Steeles Ave. W., Suite 426, Toronto, Ontario L4K 4M2.

The Company is a reporting issuer in Alberta, British Columbia and Ontario. The Common Shares are listed on the TSXV under the trading symbol "SCG".

INTER-CORPORATE RELATIONSHIPS

As at December 31, 2011, SelectCore Ltd. had six wholly owned subsidiaries, namely,

1382285 Ontario Ltd. (o/a SelectComm), which was incorporated under the OBCA on December 7, 1999. This subsidiary conducts the Company's prepaid telecom retail distribution business in Canada.

2143436 Ontario Ltd. (o/a SelectCore Communications), which was incorporated under the OBCA on July 25, 2007. This subsidiary conducts the Company's wholesale long distance, transaction processing, call centre / IVR services and technology licensing business.

Local Fone Service Inc., which was incorporated under the OBCA on August 31, 1998. This subsidiary conducts the Company's prepaid residential telecommunications resale business.

SelectCore USA LLC, which was incorporated under the laws of the State of Delaware on November 3, 2009. This subsidiary conducts the Company's prepaid telecom retail distribution business in the United States.

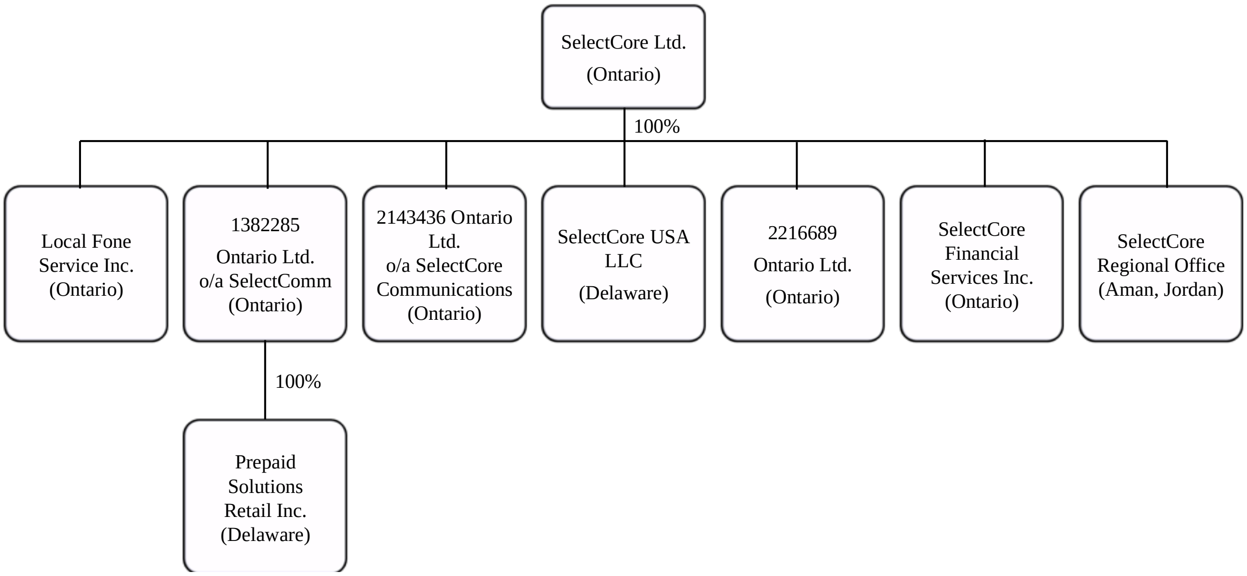
Prepaid Solutions Inc., which was incorporated under the laws of the State of Delaware on September 14, 2010. This subsidiary acquired a segment of retail locations in the United States.

2216689 Ontario Ltd., which was incorporated under the OBCA on September 2, 2009. This subsidiary is used for the Company's prepaid financial services business.

SelectCore Financial Services Inc., which was incorporated under the OBCA on November 22, 2011. This subsidiary conducts the Company's prepaid financial services business.

SelectCore Regional Office 2452-200121127, which was incorporated under the laws of Aman, Jordan on September 21, 2011. This subsidiary conducts the Company's IT development and business development efforts in the Middle East.

The following diagram sets out the inter-corporate relationships concerning the Company.



GENERAL DEVELOPMENT OF THE BUSINESS

THREE-YEAR HISTORY

The following events summarize the development of the business of the Company over the last three completed financial years.

In general, over the past three years, the Company has been primarily focused on refinancing efforts and product and technology development to facilitate the Company's strategic growth plan and transition into the high-margin financial services space.

Developments in Fiscal Year ended December 31, 2009

On February 13, 2009, SelectCore announced the appointment of Martin Bernholtz as Chairman of the Board of Directors of the Company and accepted the resignation of David Parkes as a director.

On February 23, 2009, SelectCore announced the appointment of Mohammad Abu-Leil Chief Operating Officer of the Company from Vice President Sales and Distribution.

Developments in Fiscal Year ended December 31, 2010

On February 17, 2010, SelectCore announced the appointment of Randy Khalaf to the Company's Board of Directors and accepted the resignation of Peter Burdon, Chief Financial Officer of the Company.

On March 30, 2010, SelectCore entered into a debt financing arrangement for up to US$5,000,000 with ComVest Capital II, L.P. ("**ComVest**"). The financing consisted of a revolving line of credit of up to US$2,500,000 and a US$2,500,000 term loan, both having 36 month terms provided that the term loan can be prepaid with a 2% interest penalty. The revolving credit line had an interest rate of 9% per annum while the term loan had an interest rate of 12.5% per annum. ComVest had a conversion option to convert up to US$1,000,000 of the term loan into Common Shares at a price of CDN$0.20 per share. The financing was secured by a first lien on the Company's assets and those of its subsidiaries. In connection with the financing, the Company issued ComVest 4,000,000 bonus Common Shares at $0.07 per share and paid closing fees of US$390,000. Among the other terms and covenants of the loan facility, ComVest had the option to require the Company to repurchase any or all of the ComVest Shares that were issued pursuant to the financing at a price of CDN$0.14 per share. The net proceeds of the financing were used to retire the Company's existing US$2,500,000 debt facility with Valens Offshore SPV II Corp. early and to also improve the Company's working capital position.

On October 18, 2010, SelectCore amended its US$2.5 million revolving credit facility and US $2.5 million term loan agreement with ComVest. Pursuant to the amendment, the Company eliminated a 2%penalty for prepayment of the term loan. The Company was also released from the obligation to repurchase any or all of the ComVest shares that were issued pursuant to the financing at a price of 14 cents per share. The amendment allowed the Company to refinance in order to pay down the two facilities and included among other amendments, the requirement to eliminate certain costs associated with the Company's stored-value card business, changes to the monitoring fees and certain loan covenants, a requirement to repay the term loan by March 31, 2011 and the revolving loan by Dec. 31, 2011. The amendment was entered into in order to enable the Company to pursue other financing options.

Developments in Fiscal Year ended December 31, 2011

On January 12, 2011, SelectCore announced the resignation of Randy Khalaf from the Board of Directors.

On March 4, 2011, SelectCore engaged Investor Relations firm, Resultz Media Group Corp. The agreement was for an initial five-month period, subject to renewal. RMG received a fee of CAD$2,000.00 per month plus 250,000 options at an exercise price of $0.12 per share.

On March 21, 2011, SelectCore obtained a new senior secured loan facility in the amount of $2.9M from Windsor Bancorp Limited Partnership and a $1.12M subordinate secured loan from Digital Telecom Inc. The senior loan matured in July 2011 and the subordinate loan matures in March, 2012. The interest rate for both loans was 9.5% per annum. In connection with the financing, the Company issued 2.9 million bonus Common Shares at $0.13 per share, and an aggregate of 4.02 million warrants exercisable at $0.25, $0.30 and $0.35 per share. Proceeds were used to pay out the Company's former senior lender Comvest in full and in advance of the due dates.

On July 7, 2011, the Company announced that Mohammad Abuleil was appointed Vice President of International Business Development from his former role of Chief Operating Officer.

On July 18, 2011, the Company proposed a non-brokered Private Placement of up to 16,666,666 units at a price of $0.30 per unit for gross proceeds of up to $5,000,000 with each unit comprising of one Common Share and one purchase warrant for a period of two years at $0.45. The purchase warrant was re-priced to $0.35 on July 27, 2011 due to market conditions. On August 3, 2011, the Company closed on an initial tranche of the private-placement and issued an aggregate of 3,333,333 units for gross proceeds of $1,000,000. The Company paid two arm's length parties finder's fees of $80,000 and issued an aggregate of 266,666 broker warrants at an exercise price of $0.30 per unit for 24 months. The proceeds were used to improve the Company's working capital position.

On July 27, 2011, the Company signed a letter of intent with its senior lender Windsor Bancorp Limited Partnership ("**Windsor**") to provide the Company with a long-term convertible debt facility. On September 6, 2011, SelectCore closed the facility and pursuant to the loan agreement, Windsor advanced an initial $3 million with the option of increasing the amount to $5 million upon the Company meeting certain financial covenants. The term of the facility is 24 months with the option of extending for two additional one-year terms. The interest rate is equal to the prime rate charged by the Royal Bank of Canada plus 9% per annum. Windsor received a commitment fee equal to $135,500 and has the option of converting a portion or the entire principal amount into Common Shares of the Company. The initial advance may be converted at the lender's option into up to 9,666,666 Common Shares at a conversion price of $0.30 per share. Any additional advances may be converted into Common Shares at a conversion price to be determined in accordance with policies and requisite approvals of the TSXV.

On October 31, 2011, SelectCore executed a binding Letter of Intent to acquire the assets of an arms-length Canadian payment processor in an all-stock transaction. The assets to be acquired will consist of all merchant contracts, all processing agreements, all hardware and software, all accounts receivables, goodwill and all other assets used in the business of the vendor.

On December 8, 2011, SelectCore received an additional advance of $500,000 on its long-term secured convertible debt facility with Windsor. The amount is convertible at the lender's option into 1,923,077 Common Shares at a conversion price of $0.26 per share.

RECENT DEVELOPMENTS

On February 10, 2012, SelectCore announced the signing of a definitive asset purchase agreement to acquire assets of an arms-length Canadian payment processor, 7138458 Canada Corp. operating as Conquest Financial Services ("**Conquest**"). Subject to TSXV approval, the purchase price of $4,760,000 will be satisfied through the issuance of an estimated 16,413,793 Common Shares in the capital of the Company at a price of at least $0.29 per share. Of these Common Shares, 1,034,482 Common Shares will be held in escrow and released quarterly over the next 40 months contingent on the Conquest business meeting certain performance metrics. If these metrics are not fully met, any unreleased shares at the end of the 40-month period will be returned to the Company and cancelled. Additional cash consideration can be earned by Conquest over the next 40 months based on 75% of incremental net profit realized from two new customers. Lastly, Conquest may earn up to $1,500,000 additional consideration by finalizing the development of a key product offering within five months of the acquisition, to be satisfied at SelectCore's option in cash or, subject to TSXV approval, by issuance of up to 5,000,000 Common Shares at a price of at least $0.30 per share. The completion of the proposed acquisition is subject certain conditions, including without limitation, the conditional approval of the TSXV.

On March 22, 2012, SelectCore received an additional advance of $500,000 on its long-term secured convertible debt facility with Windsor. The amount is convertible at the lender's option into 1,923,077 Common Shares at a conversion price of $0.26 per share.

On March 30, 2012, SelectCore appointed Kevin Taylor to the Board of Directors of the Company.

SIGNIFICANT ACQUISITIONS

The Company did not complete any significant acquisitions as defined in National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators during the fiscal year ended December 31, 2011.

NARRATIVE DESCRIPTION OF THE BUSINESS

GENERAL

Established in 1999 through its subsidiary SelectComm, SelectCore is a prepaid financial services provider and transaction processor for under-banked and underserved markets. From prepaid mobile top-up to stored-value cards and remittance solutions, SelectCore services a market of millions of under-banked consumers through its technology platforms and retail distribution networks. SelectCore is a publicly traded company listed on the TSXV under the symbol "SCG" (TSXV: SCG). SelectCore was ranked by Profit100 as one of Canada's fastest-growing companies in 2006, 2007, 2009 and 2010. SelectCore was also ranked one of North America's fastest growing companies on Deloitte's 2011 Technology Fast 500.

Summary of Products and Services

The Company's core operations are divided into three business segments with the first two segments being considered the Company's legacy business: (i) Prepaid Telecommunications (ii) Technology & Licensing Solutions. The third business segment under which the Company has been focusing its growth and development efforts is Prepaid Financial Services.

Prepaid Telecommunications	Technology & Licensing Solutions	Prepaid Financial Services
Prepaid Mobile Top-Up	Switching Services	Iridium Prepaid MasterCard
Prepaid Long Distance	Long Distance Termination	Private-Label Card Programs
Prepaid Residential Services	IVR & Call Centre Services	ReCash Reload Network
	POSA Services	Mobile Remittance Solutions
	POS Age Verification	
	Platform / Technology Licensing	

In addition to the core operations, to generate new, higher-margin revenue streams, SelectCore is also in the business of licensing its technology platforms and is working on opportunities to aggregate and monetize the under-banked consumer market through the Company's extensive retail distribution channel.

The Company's principal products and services along with a description of each business segment's principal markets and distribution methods are described below.

PREPAID TELECOMMUNICATIONS

Products and Services

Prepaid Mobile Top-Up

Prepaid mobile top-up allows a subscriber with a prepaid mobile phone to pay for service in advance. This is also commonly referred to as pay-as-you-go or prepaid wireless. No credit check, contract or security deposit is required. Prepaid wireless is offered by most wireless providers in Canada and the United States under brands such as Rogers, Fido, Chatr, Bell, Solo, Telus, Wind, Public Mobile, Virgin, AT&T, Verizon, Alltel, T-Mobile and Boost. SelectCore's proprietary point of sale platform allows retailers to sell prepaid mobile top-up via 'e-pins' to their customers. When a mobile subscriber wants to top-up their phone, the retail sales clerk simply selects the appropriate wireless provider and top-up value (which typically ranges from $10 to $100) on the point-of-sale terminal. The terminal then connects to SelectCore's platform via an IP or dial-up connection to request a 'top-up e-PIN'. The e-PIN is electronically delivered through the terminal and printed onto a receipt and sold to the customer who can use the active PIN to top-up their mobile account in real-time.

Prepaid mobile top-up currently accounts for the majority of revenues in this business segment. In 2011, prepaid mobile top-up accounted for approximately 91.9% of the Company's total consolidated revenues and 22.97% of consolidated gross profits, compared to 94% of total consolidated revenues and 44% of consolidated gross profits in 2010.

Prepaid Long Distance

SelectCore is also in the business of distributing both e-pin physical long distance phone cards for the top-selling brands in the marketplace. These cards (or e-pin vouchers) are typically sold in denominations ranging from $2 to $10 and are a convenient and cost effective alternative to traditional long distance calling. Customers simply dial a local or toll-free access number followed by the card or voucher PIN to make a long distance call to the destination of their choice.

Prepaid Residential Services

Since 1999, the Company has been marketing prepaid residential services in Canada under the brand 'Local Fone Service' or 'LFS'. LFS provides prepaid home telephone service, high-speed internet and long distance calling directly to credit-challenged consumers who get turned-down by the incumbent telecom operators due to poor credit history or significant security deposit requirements. Unlike Prepaid Mobile Top-Up and Long Distance that is marketed through the Company's retail distribution channel, prepaid residential services are marketed through a small number of agent locations and advertising mediums.

While SelectCore continues to provide these services to existing subscribers and acquires new subscribers from time to time, the Company has not focused its efforts on growing this part of its legacy business as resources have been dedicated to new, higher margin and more lucrative financial product and service offerings.

Principal Markets

The Company's principal geographic market for its Prepaid Telecom Business in Canada consists primarily of urban and metropolitan markets across the major provinces including Ontario, Quebec, British Columbia and Alberta. The Company's principal geographic market for its Prepaid Telecom Business in the United States consists primarily of urban and metropolitan markets in over 30 states. The Company's target demographic market consists of prepaid mobile subscribers who are traditionally under-banked, credit-challenged, new immigrants or youth as well as mainstream consumers such as parents who purchase prepaid top-up for their children.

There are approximately 4.5 million prepaid mobile subscribers in Canada generating estimated annual revenues of $1 billion. There are approximately 63 million prepaid mobile subscribers in the United States generating estimated annual revenues of $15.6 billion.

Principal drivers of growth for prepaid mobile top-up include but is not limited to: a) downturn in the economy; b) mainstream consumers embracing the benefits of prepaid mobile top-up including budgeting and no contracts; c) mobile subscribers now using airtime value for data, texting and content; d) broadened consumer awareness e) migration from landline phone service; and f) competitive pricing.

Distribution Methods

In general, the Company's proprietary point of sale platform facilitates the electronic delivery and/or point-of-sale activation of prepaid products and services to consumers in real-time via SelectCore-owned Verifone terminals or host-to-host connections in retail partner locations. SelectCore purchases the prepaid products directly from the carriers and third-party suppliers as 'virtual inventory' (i.e. e-PINS) that reside on the Company's secured severs. Products are purchased from the suppliers at a discount to face value and SelectCore keeps a portion of this discount as our profit margin and/or charges a transaction fee on each product sale.

As of December 31, 2011, SelectCore had a total of approximately 5,000 terminal and host-to host retail locations. Retail partners are responsible for promoting, merchandising and selling the prepaid products to their customers. Retail partners are provided with free training and POP materials, and in most cases do not pay an upfront set-up fee or fee for the terminal. The solution provides for no inventory costs or risks associated with inventory such as shrinkage, theft or out-of stock issues. Terminal transactions are easy to complete and are normally processed in under 30 seconds or less. SelectCore also offers retailers 24x7 multi-lingual support via the Company's call centre.

The Company's prepaid telecom business in Canada has two distribution methods. The first method, (approximately 26% of distribution) is "indirect to retail" which relies on distribution partners and independent sales agents who service independent retailers (i.e. convenience stores). The sales agents initially deploy a SelectCore-owned point of sale Verifone terminal at each location. Retailers are not required to complete an application form, credit check or provide banking information. To facilitate the sale of the prepaid products to consumers at the retail level, SelectCore sells terminal credit vouchers to its distribution partners and sales agents who in turn sell the vouchers to their retailers, allowing them to load prepaid credit to the terminal. Retailers simply key the voucher's secured PIN onto the terminal, which dials-up to the Company's network servers for validation. Once the PIN is validated, the retailer's terminal is loaded with the corresponding voucher value (which ranges from $100 to $1,000). As the retailer sells prepaid products to its customers, the terminal value is debited in real-time. As the terminal balance gets low, sales agents are notified by text message or email and retailers simply purchase additional terminal credit vouchers to top-up their terminal balance. For this distribution method, sales of terminal credit vouchers (which allow for the sale of prepaid products by the retailer to the consumer at a later date) are recognized when the actual prepaid products are delivered. Any payment for credit vouchers received in advance of delivery is recorded as deferred revenue.

SelectCore's second distribution method is "direct to retail" without the use of distributors or sales agents (approximately 74% of distribution), whereby the Company services independent retailers and national chain accounts directly. Retailers have direct merchant service agreements with the Company. SelectCore ships each retailer a Verifone terminal and starter-kit that includes reference guides and POP collateral for their store. Each new retailer is limited on the amount of product they can sell on a weekly basis based on their credit worthiness. Retailers are then invoiced on a weekly basis accompanied by an ABW (automated bank withdrawal) for the value of the prepaid products sold during that period. Payment terms and billing periods may vary for certain corporate chain accounts. Revenues for this distribution method are recognized when the retailer is invoiced. The Company plans to focus on this direct to retail distribution method to grow its retail footprint of independent and national chain retailers in Canada.

SelectCore currently employs the same "direct to retail" distribution method in the United States. The retail network was acquired in September of 2010 from an existing US-based client that the Company was servicing under a management services agreement. This retail network consists of independent and small regional chain locations. Retailers have direct merchant service agreements with the Company. SelectCore utilizes a third-party fulfillment house to ship each new retailer a Verifone terminal and starter-kit that includes reference guides and POP collateral and merchandising racks for their store. Retailers are invoiced on a weekly basis accompanied by an ACH (automated clearing house) bank withdrawal for the value of the prepaid products sold during that period. SelectCore owns the Verifone point of sale device at each retail location and utilizes third-party suppliers to deliver the prepaid product inventory. Revenues for this distribution method are recognized when the retailer is invoiced. The Company eventually plans to grow its retail network in the United States by focusing on the independent retail channel, utilizing the Company's primary Canadian distribution method that utilizes distribution partners and independent sales agents as described above.

TECHNOLOGY AND LICENSING SOLUTIONS

The Company's Technology and Licensing Solutions business services primarily upstream telecommunication and financial services providers such as mobile carriers, long distance carriers and stored-value card issuers as compared to the Company's Prepaid Telecommunications and Prepaid Financial Services businesses which service downstream end-user consumers directly or through the Company's retail distribution channel.

Products and Services

Switching Services

Switching services includes segregation of dedicated ports on the Company's prepaid long-distance switching platform. SelectCore clients connect inbound and outbound facilities directly to the platform and in turn we generate prepaid PINs specific to the client programs. The long-distance trunk groups are programmed to direct specific inbound toll free or DID (direct inward dial) access numbers to the platform and in turn SelectCore accepts PIN entry, interrogate the PIN balance and allow for an outbound call to be made. Upon call termination the platform costs the call and debits the prepaid PIN balance. This service is also referred to as monitoring and metering. Revenue is generated on a per minute basis for every call initiated inbound and terminated outbound.

While SelectCore continues to provide these services to existing clients and acquires new clients from time to time, the Company has not focused its efforts on growing this part of its legacy business as currently resources have been dedicated to new, higher margin and more lucrative financial product and service offerings.

Long Distance Termination

Long-Distance Termination Services includes a series of services such as dedicated termination, prepaid long-distance and residential long-distance.

SelectCore utilizes an automated "least cost routing" software that determines in real-time which carrier is the most cost advantageous based upon the dialed digits. Utilizing this software SelectCore participates in a line of business referred to as dedicated termination. This component of the business is reserved for carrier clients that have a large amount of traffic that is routed to SelectCore and then outbound to the most cost effective carrier supplier of the Company.

Prepaid Long Distance refers to the calling card segment of the business that is supplied by SelectCore through the long-distance network. SelectCore provisions access numbers for clients, provides rates, PINs, project setup and customer service. The customer is responsible for its own card manufacturing and distribution, however the entire back end of each program is managed by the SelectCore prepaid platform.

Residential long distance involves the assumption of the long-distance service on a residential account. A separate inbound trunk group is setup with a PIC (Primary Interchange Carrier), and the subscriber's terminating traffic is routed through the SelectCore long-distance platform. The service is the traditional long-distance found in homes across Canada and is provided to clients with end-user residential subscribers.

This entire business segment is operated utilizing a complex and internally developed least cost routing software. The system measures the potential cost of every call and identifies the most cost-effective route for the call to terminate. The platform utilizes a series of inbound and long distance carriers to provide service to their customer base. These carriers include MTS /Allstream Inc., Bell Nexxia Inc., Primus Telecommunications Canada Inc., Global Crossing Telecommunications Inc., IDT Domestic Telecom Inc., Verizon Canada Ltd. and Teleglobe VSNL International (Tata Communications).

While SelectCore continues to provide these services to existing clients and acquires new clients from time to time, the Company has not focused its efforts on growing this part of its legacy business as currently resources have been dedicated to new, higher margin and more lucrative financial product and service offerings.

Call Centre & IVR Services

SelectCore Customer Service, supports the Company's own product and service offerings and also generates revenues by providing service to third-party customers requiring data management and contact centre solutions. The Company's call centre is a 24/7/365, 15-seat, multilingual operation providing service in English, French and Spanish. There are currently 10 full time and 16 part time employees, of which 7 serve in a supervisory capacity. The team is led by a manager with over 12 years experience in customer service. SelectCore utilizes Call Centre Anywhere, a specialized Automated Call Distributor (ACD) providing robust routing and customer reporting. Coupled with internal IT developed solutions, SelectCore provides customized solutions to various clients across North America in the fields of data management, prepaid financial services, prescription ordering and fulfillment.

SelectCore utilizes IVR (interactive voice response) services for its own related business segments and also generates revenues from third-party customers by developing customized solutions.

While SelectCore continues to provide these services to existing clients and acquires new clients from time to time, the Company has not focused its efforts on growing this part of its legacy business as currently resources have been dedicated to new, higher margin and more lucrative financial product and service offerings.

POSA Services

SelectCore utilizes its proprietary technology platform to provide host to host POSA (point of sale activation) services to corporate clients for the purpose of activating electronic products such as open and closed loop gift cards, stored value cards and prepaid calling cards in real-time. This same platform is used to facilitate the sale of prepaid products under the Company's Prepaid Telecommunications business as described above.

SelectCore is looking to expand upon this service offering by attracting new corporate clients and/or licensing its technology.

Technology and Platform Licensing

SelectCore is also seeking to license its technology platforms such as its proprietary point-of-sale activation (POSA) and stored-value card management platforms to further monetize its development efforts and generate new, high-margin revenue streams. The Company considers various revenue models for this such as transaction fees and royalty-free perpetual licenses in addition to set-up, implementation, training and consulting service fees.

POS Age Verification

Point of Sale Age Verification is one of the Company's new point of sale product /service offerings.

SelectCore provides real-time point of sale age verification service to retailers. The solution allows the merchant to quickly confirm their customer's age to ensure compliance with regulatory legislation, while safeguarding the merchant against costly fines, etc. for selling age restrictive products such as tobacco, lottery and alcohol to minors. The point of sale solution utilizes Verifone terminal devices and both mag-stripe and 2D barcode ID scanning capability.

In October of 2011, the Company completed the first software release of its Age Verification point of sale solution and had already secured its first retail chain client. The Company has commenced marketing this service to other retail chains. SelectCore intends to extend the service to its existing retail distribution channel where Verifone terminals have already been deployed and all that would be required is the addition of a 2D barcode reader to the existing mag-stripe reader. The Company may release new updates for this software to add new features and functionality.

Principal Markets

The Company's principal market for its Technology & Licensing Solutions Business consists primarily of corporate clients in the telecommunications and financial services industries in Canada and the United States such as telecommunication carriers and financial service providers.

The Company is not aware of any industry statistics or third party prediction of market size for these services.

Distribution Methods

The Company typically integrates with its corporate clients via host-to-host or API (application programming interface) connectivity to provide services. Detailed reporting is provided to clients along with their service invoices. SelectCore typically earns revenue on a per-transaction, per-minute or per-call basis. Revenues are recorded when the customer is invoiced for the services provided.

PREPAID FINANCIAL PRODUCTS &SERVICES

SelectCore's core focus is on this business segment. The Company's technology platforms, network and back-office support infrastructure, investment in Verifone point of sale terminals and retail distribution network provides the Company with access to its target audience for these financial products and services. The Company intends to grow this business segment by rolling out current and new offerings through its existing retail channel.

SelectCore also focuses on providing private-label solutions for financial service offerings, primarily open-loop prepaid MasterCard card programs for corporate clients, government agencies and more.

Products and Services

Iridium Prepaid MasterCard

Iridium MasterCard is one of Canada's first prepaid reloadable card sold to consumers through retail locations. The card currently sells for $3.99 and can be used by the customer instantly. There is no credit check or bank account required and the card can be reloaded up to a $5,000 balance. The Iridium MasterCard is accepted at over 1 million ATMs and 29.4 million locations worldwide and online. Cardholders have control of their funds with online account access, text message alerts, card-to-card money transfers and ATM access. Cards are issued with MasterCard's zero liability protection in the event of the unauthorized use of their card.

Program development for commercial production stage is 100% complete. To date, Iridium MasterCard has been launched in approximately 9% of SelectCore's retail channels in Canada. The Company continues to make progress growing the number of retail locations selling this product each month. Available resources and capital will determine the timing and cost to complete a rollout of retail partner locations across Canada, which will include setup, merchandising and training.

The Company released its first Blackberry and Android mobile banking applications for Iridium and plans to release an iPhone version. Development for these mobile applications is being outsourced. Additional steps will include testing and validation as well as completing applications to application hosting sites including BlackBerry App World, iPhone App Store and Android Market.

With respect to SelectCore's proposed launch of Iridium MasterCard in the United States, the Company has completed an estimated 80% of the technical requirements, including development of the cardholder management platform and integration with its processor to launch Iridium in the United States market. The Company is now looking to complete the process of securing its United States MasterCard BIN sponsorship through a federally chartered financial institution partner. Final testing and validation is remaining from a development prospective once the BIN has been secured. The development is being conducted internally. Available resources and capital will determine the timing and cost to complete a rollout of retail partner locations across the United States, which will include setup, merchandising and training.

Private Label Card Programs

SelectCore's technology platforms, infrastructure, business arrangements and capabilities allow the Company to offer private-label open-loop card programs for a wide array of corporate clients who can market their own branded prepaid cards to their own customers or recipients for uses such as pay-day loans, payroll, government disbursements and financial aid, incentives, gift cards, product rebates and more. SelectCore provides turnkey program management, allowing clients to go to market quickly with their own card programs. The Company continues to advance its technology platforms to support both MasterCard and Visa network branded prepaid cards.

The Company has launched and supported many Private Label Card Programs for corporate clients, telecom carriers and government agencies.

ReCash Cash Reload Network

ReCash is a ubiquitous cash reload network for prepaid stored-value cards. The Company's ReCash solution was developed to offer consumers a convenient and secure way to load cash onto their reloadable prepaid Visa, MasterCard or other stored-value account in real-time. Funds are transferred to the customer's card or account via text message, online, or toll-free phone number. The ReCash technology integrates with the Company's point-of-sale platform and terminal devices, allowing SelectCore's existing retail partners to act as branches and tellers for consumers that want to convert their cash into an electronic form of payment. The Company also has a patent-pending solution that will extend ReCash to other point-of-sale payment terminals with transactions processed over a traditional payment network.

ReCash is an extension of the technology and platform development that was completed for the point-of-sale reload functionality of Iridium MasterCard. The solution can also reload cards under private-label programs managed by SelectCore. The Company now needs to implement regulatory compliance for this offering and finalize the development for connectivity to process real-time reload transactions for third-party card issuers. The Company is also working to complete the development for its ancillary patent-pending solution that will allow ReCash transactions to be processed over other point-of-sale payment terminals via a traditional debit payment network.

The research and development is approximately 80% complete and is being conducted both internally and outsourced through subcontractors. Available resources and capital will determine the timing and cost to complete a rollout of retail partner locations across Canada, which will include setup, merchandising and training.

Mobile Remittance / International Mobile Top-Up

The Company's Mobile Remittance beta solution currently offers international mobile top-up (IMTU) which is a form of remittance that allows Canadian and American immigrants to domestically top-up mobile accounts of their friends or family living abroad through a SelectCore retail partner location or online via SelectCore's Facebook social media platform.

The Company has completed the first beta release of its social media platform (www.socialtime.ca) for the sale of international mobile top-up. The Company is looking to improve upon the platform as well as commencing an online, targeted advertising campaign. This research and development will be outsourced to subcontractors at an estimated cost of $50,000.

Utilizing the same point of sale technology and similar remittance process as the solution described above, the Company is intending to aggregate international merchants whereby customers will be able to send free and instant money transfers to their friends and family living aboard. The remittance is delivered instantly to the recipient's mobile device with the funds being available for immediate use at their local merchant.

Technology development for the Company's free and instant money transfer beta solution is approximately 75%complete. SelectCore now needs to implement regulatory compliance for this offering and seek out partnerships to aggregate international merchants to participate in the program and interconnect their point-of-sale platform to facilitate recipient value redemption. Further development will be required for customized interconnections and various reporting capabilities. The research and development will be conducted internally. The timing to full commercial production and initial launch is dependent on the rate and number of international merchants acquired through the Company's aggregation partners. Available resources and capital will determine the timing and cost to rollout the Company's remittance solutions throughout its retail distribution channel, which will include setup, merchandising and training.

SelectCore is also exploring opportunities to launch other remittance solutions that are integrated with stored-value cards and mobile devices.

Principal Markets

The Company's principal geographic market for its Financial Services Business in Canada consists primarily of urban and metropolitan markets across the major provinces, including Ontario, Quebec, British Columbia and Alberta, where the Company has existing retail partners.

The Company's target demographic market consists of consumers who are traditionally under-banked or credit challenged, new immigrants or youth and/or to mainstream consumers who embrace the benefits of prepaid which is essentially the same target market that the Company services through its Prepaid Telecommunications Business.

The Company is not aware of any industry statistics or third party prediction of market size in Canada.

Distribution Methods

SelectCore markets it products and services (excluding private-label card programs) through its indirect and direct retail distribution network as described under the section Distribution Methods /Prepaid Telecommunications Business of this Annual Information Form.

For Iridium MasterCard, physical "un-active" inventory is supplied (often on a consignment basis), to the retailers directly or via the Company's distribution partners and sales agents. Cards are merchandised in the stores along with POP materials. When a customer wishes to purchase a card, the sales clerk uses the SelectCore Verifone POS terminal to activate the card via the mag-stripe or barcode on the card packaging. The card is activated in real-time and loaded with the customer's desired load amount (no credit is advanced to the cardholder). The retailer's terminal credit balance is debited for the amount of the value load. SelectCore also sells and reloads Iridium MasterCard cards via the Company's website (www.iridiumcard.ca) utilizing the Interac Online checkout process whereby funds are instantly transferred from the customer's bank account.

SelectCore markets Private Label Card Programs directly to corporate clients and often obtains sales leads through industry contacts, independent sales agents and consultants, public tenders, advertising in trade publications, etc.

The Company does not recognize value loads to cards as revenue. SelectCore earns revenue on Iridium MasterCard as well as private label card programs from upfront card sales as well as cardholder transaction fees and service fees which are recognized as revenue when the fees are debited from the cardholder's balance. The Company also earns interchange and float interest revenue which is recognized monthly. For private label programs, SelectCore also earns set-up and development fees

For Mobile Remittance International Mobile Top-Up, at the retail level, the sender purchases a prepaid voucher in the denomination of their choice (typically ranging from $5 to $75), which is delivered electronically from the point-of-sale terminal. The sender then dials an IVR platform, goes online or sends a text message to provide the voucher PIN and recipient's mobile number. The PIN is validated and the recipient instantly receives a text message notifying them that their account has been topped-up in their local currency. Facebook users can also top-up mobile accounts of their friends and pay with Interac Online or PayPal and recipients can also request a top-up from their friend. SelectCore does not recognize revenue on the value of the remittance, but rather on the commission passed on from the international carrier, transaction fees and foreign exchange mark-up.

COMPETITIVE CONDITIONS

Direct and indirect competitors in the Prepaid Telecommunications business in the Canadian marketplace in which SelectCore currently operates include (but are not limited to) Interactive Communications International Inc., Vendtek Systems Inc., Blackhawk Network Inc., EZi PIN Limited, Knowledge Based Telephony Systems Corp., Direct Cash Payments Inc., New PIN Solutions Inc. and Goldline Telemanagement Inc.

Direct and indirect competitors in the Prepaid Telecommunications business in the US marketplace in which SelectCore currently operates include (but are not limited to) Interactive Communications International Inc., Blackhawk Network Inc., Payspot Inc., Emida Corporation, Global Services Solutions Inc., ePayNGo Inc., Magicpins LLC. and ECS Prepaid, LLC.

Direct and indirect competitors in the Prepaid Financial Services business in the Canadian marketplace in which SelectCore currently operates include (but are not limited to) Blackhawk Network Inc., Interactive Communications International Inc., Direct Cash Payments Inc., DCR Strategies Inc., People's Trust Financial LTD, Bridgewater Bank, Alterna Savings and Credit Union Ltd., Berkeley Payment Solutions Inc., National Money Mart Company, Cash Money Inc. and Cash Store Financial Services Inc.

Some of the competitors listed above are also both customers and suppliers of SelectCore and therefore it is important for SelectCore to maintain amicable relationships with such competitors and co-exist in the marketplace.

Please refer to Competition section under "Risk Factors" in this Annual Information Form for more information.

Competitive Advantages

Some of SelectCore's competitive advantages include:

Ability to organically grow legacy prepaid telecom business without significant capital expenditures, overhead or new development. The Company's PrepaidONE platform that supports our legacy business sales has been fully developed and can easily be deployed on the Company's Verifone terminals to expand SelectCore's retail distribution channel. As the distribution channel increases, minimal to no additional overhead is required as the

Company's network capacity can process a significant amount of incremental transactions and the back-office support, fulfillment and call-centre teams also have adequate capacity to support such growth.

Existing network infrastructure in place with significant capacity and scalability allowing the Company to bring on new clients and sales without incurring significant capital expenditures. The majority of the Company's equipment and network infrastructure has already been fully capitalized. As SelectCore expands into other regions internationally, the Company can also utilize and scale its existing network located in Canada. This capacity and scalability allows SelectCore to offer lower transactional pricing, giving the Company a competitive advantage when competing for new contracts.

Existing retail distribution channel that facilitates the launch of new products and services while providing direct access to our target consumers. SelectCore currently services thousands of retail locations that in turn service a market of millions of under-banked and credit challenged consumers who purchase prepaid telecommunication products. This is a captive audience and the same prepaid consumers are also SelectCore's target customers for the Company's new prepaid financial products and services business. Moreover, SelectCore's point-of-sale terminal that is deployed at each retail location also facilitates the sale of these new offerings. For example, the same terminal that delivers a prepaid mobile top-up voucher, also activates and reloads an Iridium MasterCard card in real-time. SelectCore's retail partners also allow new products to be marketed in store with merchandising and POP collateral while at the same time help to promote the products and services to their customers.

Talented and experienced in-house IT development team. As opposed to outsourcing our development, having an in-house team allows us to go to market faster with product launches while satisfying customer needs and demands more effectively and efficiently. The majority of SelectCore's IT team have been working for the Company in excess of 15 years and have considerable knowledge of SelectCore's platforms, network, systems and processes including all technology that has been developed internally over the years. Eliminating the need to outsource development to third parties provides for more streamlined development and project implementations. A smaller IT and project management team also allows for greater flexibility when dealing with multiple projects and timelines.

Entrepreneurial and experienced management team. Senior management, including the Company's officers, have on average between 10 and 20 years experience in the prepaid industry. As the original entrepreneurs and founders of the Company, the CEO and President together lead and guide the Company's management and support team while being the visionaries and driving force behind new product and business development.

Diversified and complimentary product portfolio. Our suite of products and services allow us to cross-sell products and services to existing customers and retail partners. Many competitors do not currently offer products such as SelectCore's Iridium MasterCard, Remittance or ReCash services. This not only provides SelectCore with the opportunity to open up new revenue streams, but also serves as a key retention tool in maintaining our retail distribution channel.

Long-term relationships with distribution and supplier partners. The majority of the Company's largest suppliers and distribution partners have been with SelectCore for several years. Maintaining these long-term relationships has contributed to the Company's growth. Competitors may have a difficult time in attempting to penetrate these steadfast distribution partnerships.

Lower customer acquisition cost. Unlike many competitors with high overhead associated with having their own store locations and large marketing budgets, SelectCore is able to take advantage of its extensive retail distribution channel utilizing low-cost yet effective merchandising and point of sale marketing collateral together with well-planned ancillary advertising campaigns which allows the Company to reach its target audience faster and more cost-effective than our competitors.

GROWTH STRATEGY

Focus on diversifying the Company to become a prepaid financial services and payment transaction provider.

SelectCore is focused on diversifying the Company to become a prepaid financial services and payment transaction provider by leveraging its legacy prepaid telecommunications business (including technology platforms, distribution partners, retail distribution network, investment in point-of-sale Verifone terminals, etc.). Our legacy prepaid telecommunication business has been our core business. However, management saw significant potential in the prepaid financial service and payment transaction businesses, as they offer significantly higher profit margins and can be offered using our existing infrastructure and retail network with minimal capital expenditures. We began our entrance into the prepaid financial services space with the launch of Iridium Prepaid MasterCard in February of 2010, and are now working on launching our ReCash Reload Network, Mobile Remittance Solutions and Payment Transaction Processing. We plan to continue to utilize the majority of our resources to roll out these offerings and continue to develop new complimentary products and services in these growing segments.

Continue to grow our legacy prepaid telecommunications business.

Our legacy prepaid telecommunications business will continue to be a crucial part of our operation as it still constitutes the majority of our revenue and it provides the platform for our new businesses. We plan to organically grow our retail network with a focus on adding more independent retailers and national chain accounts in Canada and new independent retailers in the United States through target sales efforts and establishing new distribution partnerships as we have in the past.

Develop new revenue sources from existing assets.

We will continue to look for opportunities in finding new revenue sources from our existing assets. One of the new revenue sources is the licensing of the Company's various POSA, prepaid telecommunications and prepaid financial technology platforms and solutions. So far we have licensed our POSA and open-loop stored-value card management and processing platform, and will continue to seek additional licensing opportunities domestically and in new international and emerging markets.

We are also looking to generate new sources of revenue by monetizing and aggregating our consumer base. We have an extensive consumer base of under-banked and credit challenged consumers who access our products and services through our retail networks. We believe we can utilize this consumer base to generate additional revenue via: a) retail mobile proximity advertising; b) integration with social media platforms; c) retail point-of-sale advertising; and d) various direct to consumer marketing initiatives.

Expand product and service offerings.

While SelectCore has enjoyed past success with prepaid telecommunication products, it is essential that we continue to explore the extension of our technology, in both the telecommunication and prepaid financial services and payment processing industries. As new standards and opportunities arise, we must aggressively participate in identify key product and service development areas in which we are able to excel.

In our prepaid financial services business, we continue to develop products and services including Iridium Prepaid MasterCard, Private-Label Card Programs, ReCash Reload Network and Mobile Remittance solutions. In our telecommunication business, we added the point-of-sale age verification software solution in October 2011 that is designed to ensure compliance relating to the purchase of age-restricted products such as tobacco or alcohol. In October,2011, we announced the beta launch of our Facebook social mobile remittance platform (www.socialtime.ca), allowing Facebook users a safe and convenient way to top-up prepaid mobile phones of friends and family living abroad in real-time. On February 10, 2012, we announced that we would be acquiring a Canadian payment processor, Conquest, allowing SelectCore to enter the payment technologies space.

We will continue to work with our key customers on understanding their needs for new or complementary products.

Pursue accretive and strategic merger and acquisition opportunities to facilitate new growth and expand the Company's retail footprint.

We view acquisition opportunities as part of our growth strategy. Our acquisition strategy focuses on a number of parameters including: complementary technologies/markets, enhanced/new sales channels and international operations. We also assess certain intangible factors, including corporate culture, business fundamentals and spending characteristics. In funding an acquisition, we have the option of paying cash or issuing stock from treasury. In the case of a purchase with stock, we will consider and minimize the effects of dilution. Cash financing also requires careful consideration in view of our needs to fund facility expansion and organic growth. Depending on the price of the acquisition, we will choose one or a combination of cash and stock, based on our requirements and financial resources and/or ability to raise capital at the time. See "Risk Factors"

In August 2007, SelectCore completed the acquisition of Canquest Communications. This acquisition provided the Company with experienced and talented IT developers, resources, network infrastructure and technology that allowed SelectCore to capitalize on its product pipeline and retail distribution channel while providing the framework for the Company's point-of-sale technology platform.

On February 10, 2012, the Company announced that it was acquiring a Canadian payment processor, Conquest Financial Services. This acquisition is expected to add in excess of 2,200 new point-of-sale terminals and merchants to SelectCore's retail network across Canada. The acquisition is expected to allow SelectCore to enter the payment technologies space and will strategically enable the Company to launch an industry-first, debit/credit payment processing solution for the independent convenience store channel where SelectCore-owned VeriFone point-of-sale devices have already been deployed. The transaction is also expected to facilitate the Company's entrance into the rapidly growing mobile payments and NFC (near field communication) space.

COMPONENTS / SUPPLIERS

The Company sources its underlying services and finished end-user consumer products and services from various suppliers including wireless carriers and financial networks and processors.

Key suppliers for the Company's prepaid telecom business include Rogers Wireless Inc., Telus Mobility Inc., EWI Holdings Inc., Virgin Mobile and Bell Mobility Inc. These carriers supply the Company with prepaid mobile airtime products.

Key suppliers for the Company's stored-value card business include All-Trans Financial Services Credit Union who sponsors the Company's MasterCard BINs, FIS (Fidelity National Information Services, Inc.), who is the Company's processor, DataCard Corporation who provides instant issuance solutions, Equifax Inc. who provides KYC (know your customer) validation and CPI Card Group, MT&L Card Products and Arroweye Solutions who each provide card and card packaging manufacturing, personalization and fulfillment.

The Company sources its Verifone point-of-sale terminals directly from Verifone Systems Inc. or third-party vendors. The Company purchases the terminals outright or from time to time enters into a lease arrangement with a third party lessor for a 6 to 12 month period whereby the Company capitalizes the lease and owns the terminal at the end of the lease.

INTANGIBLE PROPERTIES

The Company regards its technology platforms as proprietary and attempts to protect it through a combination of copyrights, trade secret laws, contractual restrictions on disclosure and transferring title and other methods, as well as seeking patent protection. The Company's competitive position may be affected by its ability or inability to protect its proprietary information. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of Canada and the United States. Further, there can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology platforms, or that the steps taken by the Company to protect its proprietary rights will be adequate, or that third parties will not infringe or misappropriate the Company's various copyrights, trademarks, trade secrets, future patents or similar proprietary rights. In addition there can be no assurance that other parties will not assert infringement claims against the Company. See "Risk Factors".

The Company also considers its network of retailers and distribution channel partners to be of significant importance.

The Company has been granted the following trademark registrations in Canada by the Canadian Intellectual Property Office:

Harmony, registered October 28, 2005 under application number 651,850 expiring October 28, 2020.

VOIGO, registered April 11, 2008 under application number 711,632 expiring April 11, 2023.

PrepaidONE, registered April 11, 2008 under registration number 711,722, expiring April 11, 2023.

Connecting Everyone, registered September 9, 2010 under registration number 776,678 expiring September 9, 2025.

Iridium, registered June 29, 2010 under registration number 770,894 expiring June 29, 2025.

The following trademark applications are pending registration with the Canadian Intellectual Property Office:

ReCash, allowed August 17, 2011 under application number 804,621 expiring August 17, 2026.

Social Time, formalized July 4, 2011

The Company has been granted the following Trademark registrations in United States from the United States Patent and Trademark Office:

PrepaidONE, registered January 18, 2011 under registration number 3,906,418 expiring January 18, 2021.

Iridium, registered June 14, 2011 under registration number 3,976,388 expiring June 14, 2021.

The following trademark applications are pending with the United States Patent and Trademark Office:

ReCash, application filed February 17, 2011.

The Company has been granted the following Copyright registrations in Canada by the Canadian Intellectual Property Office:

Canquest Prepaid Wireless Business Support System - March 24, 2003

Literary (computer system developed to provide credit card recharges and administrative support for the Prepaid Wireless Division).

Canquest Prepaid Calling Card Debit System - March 24, 2003

Literary (computer system developed to cost, process, debit and manage long distance prepaid calling cards).

Canquest P.O.S. Activation System for Wal-Mart Canada Prepaid Calling Cards - March 24, 2003

Literary (computer system developed to activate Wal-Mart Canada Prepaid calling cards using their P.O.S. terminals).

Canquest Financial Management System for Prepaid Carrier Customers - May 20, 2003

Literary (computer system developed to monitor and shut off prepaid carrier customers when their deposits are depleted).

Canquest Prepaid "1 Plus" Debit System - May 20, 2003

Literary (computer system developed to cost, process, debit and manage prepaid long distance customers).

Canquest 2000 Prepaid Paging Recharge System - September 9, 2003

Literary (computer system developed to recharge paging messages on a prepaid basis, using IVR Technology).

Get Real - June 7, 2004

Literary (computer system developed to view real-time call detail records accessed through the internet).

Canquest Prepaid Product Point of Sale Activation System - March 1, 2006

Literary (computer system designed to allow the real-time activation of prepaid products)

Wireless Universal Recharge System - August 6, 2007

Literary (computer system designed to allow the sale of multiple vendors products from a single prepaid purse)

On May 26, 2011, the Company filed a provisional patent application with the Canadian Intellectual Property Office for its Point-of-Sale Activation and Reload System technology. The patent application relates to a system and method for the activation and reloading of various stored-value cards and accounts.

CYCLES

To date, the Company has not recognized any material cyclical or seasonal impacts to any of its business segments. As the Company continues to launch new products and services in the prepaid financial services space, the Company may begin to realize certain cyclical impacts.

ECONOMIC DEPENDENCE

SelectCore has significant dependence on distribution agreements with major wireless telecommunication carriers and other suppliers of prepaid mobile top-up, which today accounts for the majority of the Company's revenues. In 2011, the Company had three major suppliers, each accounting for more than 10% of total cost of goods sold, representing approximately 61%.

SelectCore is also dependent on its arrangements with MasterCard and the Company's financial institution sponsor, All-Trans Financial Services Credit Union Ltd. and ancillary supplier agreements that facilitate the Company's ability to market its new prepaid financial services offerings, namely Iridium MasterCard and private-label card programs.

The loss of any of these agreements or ability to sell the related products or service offerings would have a significant impact on the Company's operations, revenues, profitability and financial condition as the Company may not be able to obtain similar products or services from alternative suppliers on a timely basis or on terms favourable to the Company.

The Company is not dependent or reliant upon any license or agreement for the use of any patent, formula, trade secret, process or trade name for the operation of its business.

In 2011, the Company had three major customers, each accounting for more than 10% of total revenues, representing 65%. The loss of any major customer agreement would have a significant impact on the Company's operations, revenues, profitability and financial condition as the Company may not be able to replace such lost revenues on a timely basis or at all.

CHANGES TO CONTRACTS

There were no material changes to contracts during the year ended December 31, 2011.

ENVIRONMENTAL PROTECTION

Any environmental protection requirements related to the business of SelectCore do not, and are not expected, to have a significant financial or operational effect on the capital expenditures, earnings or competitive position of SelectCore during the current year or future years.

EMPLOYEES

As at the date hereof, the Company has 38full-time employees and 13part-time employees. No SelectCore employees are unionized. The Company also makes use of contractors and agencies in other fields of expertise when required.

SPECIALIZED SKILL AND KNOWLEDGE

SelectCore has developed extensive technological transaction processing, point-of-sale activation and cardholder management platforms, which rely on skilled information technology staff for the management, operating and ongoing development of the platforms and their underlying network infrastructure. The Company believes that the skill and knowledge of its current personnel are sufficient to meet the Company's legacy business but not sufficient to support the Company's growth objectives. The Company believes its success will depend, to a great extent, on its ability to retain this staff while hiring new and highly qualified personnel to support new projects, sales and customers and for new product and technology development. SelectCore intends to raise capital to allow for the hiring of new and qualified employees that will be sourced through industry contacts, advertising in industry publications and through employment websites and agencies. The Company does not expect difficulties in recruiting additional qualified personnel.

RESEARCH AND DEVELOPMENT

The focus of SelectCore's research and development team is on expanding our core POSA and financial services platforms and technologies and on developing new products and services. We believe that our research and product development capabilities are critical factors contributing to our success and primary barriers to potential competitors' entry into our industries. Accordingly, we intend to continue investing significant resources in research and product development. Our research and development is completed in-house and our team consists of approximately 10 individuals with specialized skills in product development and information technology, including system architecture and software design.

FACILITIES

The Company has the following four facilities:

- SelectCore's head office is located at 1600 Steeles Ave. W., Toronto, Ontario. This leased facility is approximately 2,800 sq. ft. and primarily accommodates the Company's accounting, sales and distribution departments.

- SelectCore's regional office is located at 14 William St. N., Chatham, Ontario. This leased facility is approximately 5,000 sq. ft. and primarily accommodates the Company's call centre, IT and operations departments and houses one of the Company's two network facilities.

- The Company has two leased co-location network facilities located at 151 Front Street, Toronto, Ontario and 320 Queen Street in Chatham, Ontario.

FOREIGN OPERATIONS

The Company operates internationally. For the period ended December 31, 2011, international operations from the Company's United States division represented approximately 12% of revenue and 5% of gross profit, therefore the Company is dependent on this division for its cash flow and revenues.

SelectCore is pursuing a long-term growth strategy of expanding its operations internationally. In September of 2011, the Company established a subsidiary in Amman, Jordan with plans to leverage IT development resources and eventually market certain product and service offerings in the Middle East region. As of today's date, the Company is not dependent on this division.

REGULATORY REQUIREMENTS, LICENSES AND PERMITS

The financial services industry in which we operate is strictly regulated. Regulation is designed to protect consumers and the public, while providing standard guidelines for business operations. In the offering of our financial products, we, or our partners are subject to certain federal and provincial laws and regulations governing matters such as Know-Your-Customer (KYC), Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), and safeguarding the privacy of customers' personal information. Legislation has been passed in most provinces with respect to prepaid gift or stored-value cards. The Canadian government recently released its consultation paper *Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, which contains proposals to strengthen the *Proceeds of Crime (Money Laundering)and Terrorist Financing Act*. Several of the proposals relate to emerging payment technologies and could have a significant impact on the payments and cards industry in Canada. We believe that at this time we are in compliance with all laws and regulations although many of the rules that apply to us have only recently been implemented, are complex and sometimes ambiguous and, accordingly, we cannot assure that we are in 100% compliance with all applicable laws, much less that all courts, arbitrators and regulators would agree that we are in 100% compliance. To our knowledge, the Company is not required to hold any special licenses or permits with respect to its financial services business at this time. The Company has proactively engaged legal and accounting professional advisors with respect to compliance support and implementing a comprehensive internal regulatory compliance program.

To our knowledge, the Company is not subject to any material industry regulation nor is the Company required to hold any other special licenses or permits with respect to its telecommunications business with the exception that SelectCore holds a Class B resellers license with the CRTC.

INSURANCE

SelectCore carries Commercial General Liability coverage with a $10M limit per occurrence along with a Comprehensive Employee Crime policy in the amount of $500,000. Along with this, SelectCore maintains a Directors & Officers liability policy in the amount of $5M and Professional Liability/ Errors & Omissions coverage at a level of $1,000,000 per occurrence and $1,000,000 aggregate that includes Security Breach, Privacy Breach and Data Personal Injury coverage. SelectCore maintains these policies with only A.M. Best rated A or better insurers

LENDING

The Company does not engage in lending or investing.

BANKRUPTCY AND SIMILAR PROCEDURES

Neither the Company nor any of its subsidiaries have been involved in any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years, or previously or during or proposed for the current financial year.

REORGANIZATIONS

Neither the Company nor any of its subsidiaries have been involved in any material reorganization within the three most recently completed financial years, or previously or during or proposed for the current financial year.

SOCIAL OR ENVIRONMENTAL POLICIES

The Company has not implemented any social or environmental policies to date.

RISK FACTORS

An investment in our Common Shares is speculative and subject to a number of risks. Before investing, prospective purchasers of Common Shares should carefully consider the following risk factors set out in this Annual Information Form, as well as other risk factors addressed in our other continuous disclosure filings made with Canadian securities regulators via SEDAR. The risks and uncertainties described below are not the only risks and uncertainties SelectCore faces. Additional risks and uncertainties not currently known to SelectCore or that SelectCore currently deems immaterial also may impair SelectCore's business operations. If any of the following risks actually occur, SelectCore's business, results of operations and/or financial condition could deteriorate. In that event, the trading price of Common Shares could decline and holders of Common Shares could lose all or part of their investment in the Common Shares.

Liquidity

We are subject to a working capital deficit, which means that our current assets on December 31, 2011 did not equal our current liabilities and, therefore, should we be unable to increase our current assets to current liability ratio, our operations could be at risk. A substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on our indebtedness and other financial obligations. Our ability to service our debt and other financial obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control, including but not limited to, fluctuations in interest rates, market liquidity conditions, increased operating costs and trends in our industry. If our cash flow and capital resources are insufficient to meet our debt service obligations, we may be forced to reduce the scope of, or delay, capital expenditures, growth initiatives, product and service launches and future business opportunities, and sell assets, seek additional capital or restructure or refinance our indebtedness. Furthermore our credit facility contains certain restrictive covenants that, subject to exceptions, limit our ability to, among other things: incur, assume, or permit to exist additional indebtedness, guarantees or liens, engage in mergers, acquisitions, asset sales, declare dividends, make payments on, or redeem or repurchase equity interests, alter the nature of the business, engage in certain transactions with affiliates, enter into agreements limiting subsidiary distributions, and prepay, redeem or repurchase certain indebtedness. The credit facility also requires us to comply with certain financial covenants that may prevent us from pursuing certain business opportunities and taking certain actions that may be in the best interest of our business, which could materially adversely affect our business and financial results.

Legacy Business Revenues

Our legacy prepaid telecommunications business is the sale of prepaid mobile airtime, and to date, the majority of our revenue has been derived from sales of these products. Revenues for 2011 over 2010 have declined considerably as the Company remained focused on new, more profitable business opportunities in the financial services space. The industry has also seen a shift to electronic forms of payment for prepaid mobile airtime sales. Our sales agreements with our retailers and distributors do not obligate them to make minimum purchases of any of our products. In order to increase or maintain revenues, the Company must continue to bring on new retail locations through its distribution partners or by securing new retail chain customers. There is no assurance that retailers or distributors will continue to purchase our products or that the Company will be able to secure new retail clients or that end-user demand for our products or services will sustain or increase. Accordingly, there is no assurance that we will be able to maintain or increase our revenues. Our inability to maintain or increase our revenues may result in us incurring losses or reduced profitability thus resulting in a significant impact to the Company's financial position.

Cash Flows and Profitability

We have not consistently earned profits to date, and there is no assurance that we will earn profits in the future, or that profitability, as achieved, will be sustained. A significant portion of our financial resources have been, and will continue to be, directed toward the development of our new financial product and service offerings and marketing activities. Our success will ultimately depend upon our ability to generate revenues, such that business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue the business development and marketing initiatives. Our current and future expense levels are based largely on our investment plans and estimates of future revenues and are, to a large extent, fixed. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to our planned expenditures would have an immediate adverse effect on our business, results of operations, cash flow and/or financial condition. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions that could have a material adverse effect on our business, results of operations, financial condition and/or prospects.

Supplier Dependency

We rely on telecommunication and financial network partners and suppliers with whom we have business arrangements. Our success depends on our ability to meet our obligations to these partners and suppliers. In 2011, the Company had three major suppliers, each accounting for more than 10% of total cost of goods sold, representing approximately 61%.The loss of a contract with any partner or supplier could have a significant negative impact on our sales and profitability.

Customer Relationships and Loss of Major Customers

Our failure to maintain our customer relationships or to develop similar relationships with other customers could result in decreased support for our products or services, which could materially adversely affect our business, financial condition and/or results of operations. The loss of one or more of our major customers, the failure to attract new customers on a timely basis or a reduction in sales and revenues associated with our existing customers would materially harm our business, financial condition, liquidity, operating results and/or prospects. In 2011, the Company had three major customers, each accounting for more than 10% of total revenues, representing approximately 65%.The loss of a contract with any customer could have a significant negative impact on our sales and profitability.

Retail Distribution Channel and Reliance on Distributors and Sales Agents

Our current sales and future growth relies heavily on our distributors and sales agents and the ability to maintain and expand our network of retail locations /merchants and the willingness of such distributors, sales agents and merchants to purchase and make available for sale both our current and new product offerings to their customers. We also rely on our ability to properly support our merchant channel and product and service offerings with adequate merchandising, point-of-purchase collateral and ancillary advertising all of which requires a capital investment to be made by us. Our failure to maintain current product sales or realize new product sales through our retail distribution channel would adversely affect our results of operations and financial condition and also materially affect our ability to execute on our growth strategy.

Lack of Operating History with New Business Segments

Our new business segments, namely prepaid financial services, has a limited history of operations, is in the early stage of development and should be considered as a development stage business. As such, we are subject to many risks common to such businesses, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues and profitability. We also need to be able to effectively train existing employees and employ new specialized personnel for this area of our business.

Risks Associated With Evolving Business Models and New Product Launches

Our business model continues to evolve, especially with the entrance into the financial services industry. We seek to develop, launch and promote new or complimentary products, services, technology and opportunities that management believes are strategic. We publicly announce new product launch and development initiatives on a regular basis to update shareholders and the investment community. Readers are cautioned that while we make such announcements, there can be no assurance that we will be able to launch such product offerings in a cost effective manner or in the timeframe estimated by management or that any such efforts will generate revenues, profits or garner market acceptance. Furthermore, any new business or product launched by us that is not favourably received by customers could damage our reputation and diminish the value of our brands. Expansion of our operations in this manner would also require significant additional expenses and development, operations and other resources and would strain our management, financial and operational resources. The lack of market acceptance of such services or our inability to generate satisfactory revenues from such expanded services or product launches to offset their costs could have a material adverse effect on our business, results of operations, cash flow, financial condition and/or prospects.

Uncertain Demand

Demand for our products and services is dependent on a number of social, political and economic factors that are beyond our control. While we believe that demand for our products and services will continue to grow, there is no assurance that such demand will exist or that our products or services will be purchased to satisfy such demand.

Effective Growth Management

If we fail to manage our growth effectively, our business and operating results could be adversely affected, which could cause the market price of the Common Shares to fall. We expect to continue to grow our operations domestically and internationally. The growth in our operations and staff has placed, and will continue to place, a strain on existing management systems and resources. If we fail to manage the company's future anticipated growth, the business may experience higher operating expenses, and consequently it may be unable to meet the expectations of shareholders, securities analysts or prospective investors with respect to future operating results.

Competition

We operate in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm our business and results of operations. Management cannot be certain that we will be able to compete successfully against current or future competitors or that competitive pressure will not seriously harm our business. Some of our competitors are much larger than us and have greater access to capital, sales, marketing, technical and other resources. These competitors may be able to respond more rapidly to new or emerging products and changes in customer requirements or devote greater resources to the development, promotion and sale of their products than we can. Furthermore, some of these competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share. It is important to note that some of our competitors are also both customers and suppliers of SelectCore and therefore it is important for us to maintain amicable relationships with such competitors and co-exist in the marketplace.

Financing Requirements and Availability of Capital

We expect our capital requirements to increase significantly due to our recent entrance into the prepaid financial services industry and the proposed expansion of our marketing and business development activities. The exact amount of our future capital requirements could be adversely affected by numerous factors, including, but not limited to, slower growth and adverse changes in our business environment, delays in growth of our customer base, government regulations, failure or delays in executing marketing programs and growth that is more rapid than anticipated or competitive pressures. We may also need to raise additional funds sooner than anticipated in order to acquire businesses, technologies or products, or fund investments and other relationships we believe are strategic. Accordingly, our actual capital requirements may vary from currently anticipated needs, and such variations could be material. There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund our expansion, take advantage of strategic acquisitions, investments or other opportunities or respond to competitive pressures. Such inability to obtain financing when needed could have a material adverse effect on our business, results of operations, cash flow, financial condition and/or prospects. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders will be reduced, shareholders may experience additional dilution and such securities may have rights, preferences and privileges senior to those of the Common Shares.

Share Price and Volume Volatility

Our Common Shares may be affected by limited or sporadic trading volumes, which may affect our shareholders' ability to sell our Common Shares. Our share price may be volatile and could be subject to wide fluctuations due to a number of factors including the risk factors described in this Annual Information Form. In addition, broad fluctuations in the financial markets as well as economic conditions may adversely affect the market price of our Common Shares.

Fluctuation in Operating Results

We may experience fluctuations in future quarterly operating results that may be caused by many factors, including but not limited to: (i) variability of sales to new and existing customers; (ii) changes in the level of marketing and other operating expenses; (iii) competitive factors; and (iv) the timing of delivery. Consequently, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. It is likely that our future quarterly operating results from time to time will not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the Common Shares. Until the point where we are able to generate and predict continued positive cash flows from recurring revenue, we face risk in utilizing our existing cash resources and potentially requiring further cash infusions from investors to maintain our operations.

Reliance on Key Personnel

To date, we have been dependent on a relatively small number of key officers and employees. Our senior executives have experience in our industry and with our business, products and customers. The loss of knowledge of our operations, management expertise and technical proficiency as a result of the loss of one or more members of our core management team, could result in a diversion of management resources or a temporary executive gap, or negatively affect our ability to develop and pursue other business strategies, which could materially adversely affect our business and/or financial results. Furthermore, due to the technical nature of the business, we are dependent upon our ability to continue to attract and retain qualified management, marketing, information technology and technical personnel. There is competition for qualified personnel in our line of business and geographic regions and there can be no assurance that we will be able to continue to attract and retain qualified personnel necessary for the development of the diverse business in which we compete. If we are not able to retain qualified personnel for our financial services business, our product development and implementation initiatives will be impaired and/or delayed thereby adversely affecting our cash flow, financial condition and/or results of operations.

Credit Risk and Bad Debts

We regularly evaluate the risk of collections from sales to new and existing customers based on the size, payment history and type of customer. There is always a risk that some customers may not honour their accounts with us, resulting in our being unable to collect outstanding amounts resulting in a charge for bad debts being incurred during a specific period. Any significant bad debt or our inability to collect on amounts due from customers could materially adversely affect our cash flow, financial condition and/or results of operations.

Regulatory Regime

From time-to-time, governments and regulatory bodies may review the legislation and regulations applied to the telecommunication and financial services industries in which we operate. Such reviews could result in the enactment of new laws and/or the adoption of new regulations in Canada or the United States of America or abroad, which might adversely impact businesses in Canada and the USA or other countries in general and consequently, may threaten our growth prospects. More specifically, we are expanding into the financial services industry, which is strictly regulated. Regulation is extensive and designed to protect consumers and the public, while providing standard guidelines for business operations. In the offering of our financial products, we, or our partners are subject to certain federal and provincial laws and regulations relating to our financial product offerings, including laws and regulations governing such things as Know-Your-Customer (KYC), Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF) and safeguarding the privacy of customers' personal information. Legislation has been passed in most provinces with respect to prepaid gift or stored-value cards. The Canadian government recently released its consultation paper *Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, which contains proposals to strengthen the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Several of the proposals relate to emerging payment technologies and could have a significant impact on the payments and cards industry in Canada. We believe that at this time we are in compliance with all laws and regulations although many of the rules that apply to us have only recently been implemented, are complex and sometimes ambiguous and, accordingly, we cannot assure that we are in 100% compliance with all applicable laws, much less that all courts, arbitrators and regulators would agree that we are in 100% compliance. Failure to comply with, or changes to, existing or future laws and regulations could result in significant unforeseen costs and limitations, and could have an adverse impact on our business, results of operations and/or financial condition.

Economic Risk

A major change in any of the market segments that are serviced by us, could potentially impact our ability to sell products and services within those segments and would have a negative effect on our business. The general economic environment, notably in the telecommunications and financial services sector, impacts us and our subsidiaries in many ways, including customer spending, capital availability and funds available for marketing and advertising. An economic slowdown could also cause the demand for our products or services to decline. Growth in our customers' businesses is affected by the economic environment and could therefore have an impact on the Company's operating results. We can neither predict the impact current economic conditions will have on our future results, nor predict when the economy will show meaningful improvement. Our current and potential customers might reduce or delay purchases or projects or defer contracts currently underway. This situation could also lead to greater delays and defaults in payments or debt collection, competition increases and prices might be reduced by certain competitors to maintain or expand their market share. Our pricing and profitability could be adversely affected as a result of such factors.

Liabilities from Acquisitions

A portion of the growth strategy of our business includes the pursuit of acquisition opportunities in synergistic markets. While our acquisition process typically includes extensive due diligence on the business or assets to be acquired and acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that we would not become subject to certain undisclosed liabilities associated with the acquired assets that we failed or were unable to discover during the due diligence process prior to the closing of the acquisition. The discovery of any unrecoverable material liabilities could have a material adverse affect on our business, financial condition and/or future prospects. An asset purchase or acquisition financed using cash and/or Common Shares in the capital of the Company may also be considered dilutive to shareholders and/or impact the Company's cash position.

Changes in Technology

If we are unable to respond to the rapid changes in technology and services that characterize our industry, our business and financial condition could be negatively affected. Our business may be impacted by changes in the telecommunications or financial services industry. Both of these industries are subject to technological change, new product and service introductions and evolving industry trends. These factors could affect the market for our products, accelerate the obsolescence of our offerings and necessitate changes to our product and service lines. We believe that our future success will depend largely on our ability to anticipate or adapt to such changes, to offer on a timely basis, services and products that meet these evolving trends and demands of our customers, retailers and distributors. We also believe that our future success will depend upon how successfully our telecommunication and financial network partners and suppliers are able to respond to changing technologies and products. New technology may reduce demand for the products and services we currently are able to offer through these partners and suppliers. We cannot offer any assurance that we will be able to respond successfully to these or other technological changes, or to new products and services offered by our current and future competitors, and cannot predict whether we will encounter delays or problems in these areas, which could have a material adverse affect on our business, financial condition and/or results of operations.

Network and Internal Fraud

If a fraud occurs on any of the networks or on our network, this could result in a cost to the company if it is determined that the breach is a result of our negligence or failure to follow network rules or regulations (or where the fault is not ours but the perpetrator of the fraud cannot be located or cannot be collected from). As new methods of intrusion and fraud emerge in the industry, we may have to incur significant additional costs to implement additional security precautions (which may be undertaken by us voluntarily or as a result of network rule changes). Furthermore, the occurrence of frauds can result in a loss of consumer confidence, which may result in declining transaction volumes with financial products. Any of these circumstances could lead to our cash flow being adversely impacted.

We employ a number of employees and contractors that have access to our systems and infrastructure and if one or more of these individuals in key control positions were to perpetrate a fraud (for example, relating to settlement of transactions, altering account deposit details, changing customer charging details or creating fake accounts), this could have a negative impact on our cash flow. We implement internal controls and maintain insurance for network and internal fraud as described under the Insurance section in this Annual Information Form. See "Narrative Description of the Business – Insurance"

Infrastructure Stability

Our product and service offerings depend on the stability, functionality and scalability of our network infrastructure and technology platforms and that of our third-party suppliers that if not stable, could negatively impact the effectiveness of our products or services, resulting in harm to our reputation and business. If weaknesses in such infrastructure exist, we may not be able to correct or compensate for such weaknesses. If we are unable to address weaknesses resulting from problems in such infrastructure such that our products do not meet customer needs or expectations, our reputation, and consequently, our business may be significantly harmed.

Disaster Recovery

Our business and operations are highly automated and a disruption or failure of our systems may delay our ability to complete sales and to provide services. A major disaster or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations. This possible disruption may materially and adversely affect our future operating results.

Software Viruses and Network Intrusion

We maintain many different networks and management information systems (some of which are interconnected and some of which are connected to the internet or to other external networks).We may be susceptible to viruses and network intrusions by third parties. Any intrusion or virus could impact the performance of the transaction processing capabilities of the Company and in a worst case scenario could require temporary shutdown of the affected systems and compromise customer information, users and employees. Systems that are accessed through the internet are also subject to "denial of service" attacks (these attacks do not involve an intrusion into the system but can effectively make the systems unavailable to Company customers/employees). We maintain security policies and procedures to manage these risks, some of which include intrusion detection software, virus monitoring software, IP blocking, IP tracking software, complex encryption for transactions, network monitoring and reporting solutions as well as application and data base level restrictions and controls through network design and implementation.

Improper Disclosure of Personal Data

We store and process large amounts of personally identifiable information, consisting primarily of customer information and transactions. It is possible that our security controls over personal data, training of employees and other practices we follow may not prevent the improper disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability under laws that protect personal data, which could have a material adverse affect on our business and/or financial condition.

Proprietary Information

We rely on a combination of copyright, trademark and trade secret laws, confidentiality procedures, contractual provisions and other measures to protect our proprietary information. All of these measures afford only limited protection. These measures may be invalidated, circumvented or challenged. Despite our efforts to protect proprietary rights, unauthorized parties may attempt to obtain or use information that the Company regards as proprietary. If the Company were not granted approval on pending or future patent or trademark applications, our intellectual property would not be protected against infringement of other parties.

Conflicts of Interest

As certain of our directors and officers are directors, officers or shareholders of other companies, there are potential conflicts of interest to which our directors or officers may be subject to from time to time, in connection with our operations.

Foreign Exchange

We operate primarily in Canada but have set up two subsidiaries in the USA. We therefore have exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sale transactions, as well as recognized financial assets and liabilities denominated in foreign currencies. Our main objective in managing our foreign exchange is to maintain Canadian cash on hand to support Canadian forecasted cash flows over a 12-month horizon. To achieve this objective, we monitor forecasted cash flows in foreign currencies and attempt to mitigate the risk by modifying the nature of cash held.

DIVIDEND POLICY

The Company has no fixed dividend policy and no dividends have been paid on any shares of the Company during its three last completed financial years. The Company intends to retain future earnings to finance the development of its business and, accordingly, does not anticipate paying dividends on its Common Shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend upon the results from operations, capital requirements and such other factors as the Board considers relevant. There are currently no restrictions that prevent the Company from paying dividends.

CAPITAL STRUCTURE

SHARES

The authorized capital of the Company consists of an unlimited number of Common Shares. As at December 31, 2011, 123,996,320 Common Shares were issued and outstanding.

The following is a summary of the material provisions of the Common Shares of the Company:

The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares are entitled to receive such dividends in any financial year as the Board of Directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive the remaining property and assets of the Company.

WARRANTS

As at December 31, 2011 the Company had the following warrants outstanding:

- 373,333 exercisable at $0.250 expiring March 18, 2012
- 373,333 exercisable at $0.30 expiring March 18, 2012
- 373,334 exercisable at $0.350 expiring March 18, 2012
- 3,152,380 exercisable at $0.35 expiring July 29, 2013
- 266,666 exercisable at $0.300 expiring July 29, 2013

OPTIONS

As at December 31, 2011 the Company had the following options outstanding:

- 660,000 exercisable at $0.10 expiring November 9, 2012
- 1,630,000 exercisable at $0.12 expiring February 10, 2013
- 3,200,000 exercisable at $0.45 expiring July 03, 2014

LONG TERM DEBT

As at December 31, 2011, the Company had outstanding long-term debt of $4,429,055, comprising of the senior debt in the principal amount of $3,309,055 and subordinate debt in the amount of $1,120,000.

Senior Debt

On March 18, 2011, the Company obtained a senior secured loan facility with Windsor in the amount of $2,900,000 of which proceeds were used to repay the term loan with Comvest of US$1,250,000 and revolving credit facility of US$2,500,000. The senior loan bore an interest rate of 9.5% per annum, plus management and maintenance fees in the amount of 5.5% per annum. The loan originally matured July 21 2011, and was subsequently extended to September 2, 2011.

On September 6, 2011, the Company obtained a new senior loan facility with Windsor in the amount of $5,000,000, with an initial advance of $3,000,000 and any additional advances being made available upon the Company meeting certain financial covenants. The term of the new facility is 24 months with the option of extending for two additional one-year terms. The credit facility bears an interest rate equal to the prime rate charged by the Royal Bank of Canada plus 9% per annum. Windsor received a commitment fee equal to $135,500.Under the terms of the facility, the initial $3,000,000 advance is convertible, at the option of Windsor,into10,000,000 Common Shares in the capital of the Company at a conversion price of $0.30 per Common Share.

On December 8, 2011 the Company received an additional advance of $500,000 on its senior loan facility with Windsor having the same interest rate and maturity date. The additional advance is convertible, at the option of Windsor, into 1,923,077 Common Shares in the capital of the Company at conversion price of $0.26 per Common Share.

As at December 31, 2011, the aggregate principal indebtedness to Windsor was $3,309,055.

Subordinate Debt

On March 18, 2011, the Company obtained a subordinate secured loan facility with Digital Telecom Inc. in the amount of $1,120,000. The subordinate loan bears an interest rate of 9.5% per annum, plus management and maintenance fee in the amount of 5.5% per annum. It was originally scheduled to mature in March 2012. On March 18, 2011 and subsequently September 2, 2011, the lender entered into two inter-creditor agreements with Windsor postponing the lender's rights to receive payment for principal or interest prior to payment in full of the Windsor senior debt or until such time that the Company meets certain financial covenants.

CONVERTIBLE DEBT

In 2011, the Company had a $3,500,000 convertible portion of its senior loan facility with Windsor. At Windsor's option the $3,000,000 can be converted into 10,000,000 Common Shares at a price of $0.30 per share and $500,000 can be converted into 1,923,077 at a price of $0.26 per share.

MARKET FOR SECURITIES

The Company is a reporting issuer in British Columbia, Alberta and Ontario and our Common Shares are listed and posted for trading on the TSXV under the symbol "SCG".

The following table sets forth information relating to the monthly trading price and volume of the Common Shares on the TSXV for the fiscal year ended December 31, 2011.

TRADING PRICE AND VOLUME

Period – 2011	High (CDN$)	Low (CDN$)	Avg. Daily Volume
January	0.07	0.04	378,500
February	0.29	0.04	4,195,700
March	0.20	0.09	1,108,500
April	0.29	0.15	1,330,100
May	0.78	0.18	6,119,500
June	0.70	0.31	1,838,000
July	041	0.21	1,469,600
August	0.25	0.16	1,027,100
September	0.21	0.14	424,900
October	0.25	0.22	722,800
November	0.37	0.22	1,458,586
December	0.33	0.24	919,165

PRIOR SALES

Warrants

The following Warrants were issued by the Company in 2011:

- 373,333 exercisable at $0.25 expiring March 18, 2012
- 373,333 exercisable at$0.30 expiring March 18, 2012
- 373,334 exercisable at$0.35 expiring March 18, 2012
- 966,667 exercisable at $0.25 expiring July 18, 2011
- 966,667 exercisable at$0.30 expiring July 18, 2011
- 966,667 exercisable at$0.35 expiring July 18, 2011

- 3,333,333exercisable at$0.35 expiring July 29, 2013
- 266,666 exercisable at$0.30 expiring July 29, 2013

Options

The following Options were issued by the Company in 2011:

- 4,900,000 exercisable at $0.12 expiring February 10, 2013
- 3,200,000 exercisable at $0.45 expiring July 3, 2013

Convertible Debt

In 2011, the Company had a $3,500,000 convertible portion of its senior loan facility with Windsor. At Windsor's option the $3,000,000 can be converted into 10,000,000 Common Shares at a price of $0.30 per share and $500,000 can be converted into 1,923,077 at a price of $0.26 per share.

ESCROWED SECURITIES

To our knowledge, the Company has no securities held in escrow as of the date of this Annual Information Form.

DIRECTORS AND OFFICERS

The names, provinces and countries of residence, positions with the Company, and principal occupation of the directors and officers of the Company during the five preceding years are set out below and in the case of directors, the period each has served as a director of the Company, as well as the number of options and Common Shares held as at the date of this Annual Information Form.

Name and Province, Country of Residence	Position with SelectCore	Since	Principal Occupation During 5 Preceding Years	Options Held	Number of Common Shares
Keith McKenzie[1,2] Ontario, Canada	Chief Executive Officer & Director	October, 2006	Chief Executive Officer of SelectCore	1,300,000	10,648,067[4]
Ryan Deslippe[3] Ontario, Canada	President & Director	October, 2006	President of SelectCore	1,300,000	8,841,878[5]
Jannet Wang Ontario, Canada	Controller and Interim Chief Financial Officer	February, 2010	2006-2008: Controller at Wine Art Ltd. / 2009-2010: Controller at SelectCore		25,500
Martin Bernholtz[1,2,3] Ontario, Canada	Director, Chairman of the Board	Decembe r, 2006	Chief Financial Officer of Kerbel Group Inc.	900,000	6,636,576
Mike Rohrer[1,2,3] Ontario, Canada	Director	May, 2009	Director of Corporate & Community Affairs for the Detroit River Tunnel Partnership	800,000	100,000
Kevin Taylor[3] Florida, USA	Director	April, 2011	2009-Present: President, Facey Telecom / 2007-2009 VP / GM Nortel	0	0

Notes:
1) Member of the Audit Committee.
2) Member of the Compensation Committee.
3) Member of the Corporate Governance Committee.
4) Of this amount, Mr. McKenzie owns directly 6,602,832 common shares and Mrs. Sharon McKenzie, an associate of Mr. McKenzie, owns the balance of 4,045,235 common shares.
5) Of this amount, Mr. Deslippe owns directly 8,481,135common shares and the balance of 360,743 common shares are owned by 1544889 Ontario Ltd., a private Ontario corporation owned and controlled by Mr. Deslippe.

The directors and officers of the Company, as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 26,252,021Common Shares of the Company representing approximately 21% of the issued and outstanding Common Shares.

The term of office for all directors expires at the time of the election of their successors at the next annual meeting of shareholders of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, as at the date of this Annual Information Form, or has been within the last ten years, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "Order"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) 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 as director, chief executive officer or chief financial officer of such company,

No director or executive officer of the Company or any shareholder holding a sufficient number of Common Shares of the Company to affect materially the control of the Company:

(c) is, as at the date of this Annual Information Form, or has been within the last ten years, 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;

(d) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;

(e) 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 securities regulatory authority; or

(f) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors and executive officers.

CONFLICTS OF INTEREST

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are not a party to any material legal proceedings and are not aware of any such proceedings that are contemplated. During our financial year ended December 31, 2011: (i) no penalties or sanctions were imposed against us by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions were imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision; and (iii) we did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer or principal shareholder of the Company or an associate or affiliate of such persons has been involved in any transaction with the Company within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for SelectCore's Common Shares is Equity Financial Trust Company, having its principal offices at 200 University Avenue, Suite 400, Toronto, ON M5H 4H1.

MATERIAL CONTRACTS

Other than the contracts disclosed below, there are no other contracts that are material to the Company and which were entered into in the most recently completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this Annual Information Form.

- Debt financing arrangement dated September 6, 2011 between the Company and Windsor for up to $5,000,000 debt facility.

- General security agreement dated September 5, 2011 between the Company and Windsor.

INTERESTS OF EXPERTS

A predecessor firm (DMCT LLP) to the Company's auditors, Collins Barrow Toronto LLP, were first appointed as independent auditors of the Company on or about October 15, 2006. Collins Barrow Toronto LLP prepared the auditor's report on our annual consolidated financial statements for the financial years ended December 31, 2011, 2010and 2009. Collins Barrow Toronto LLP has advised that they are independent of the Company within the meaning of The Rules of Professional Conduct of The Institute of Chartered Accountants of Ontario, Canada.

Collins Barrow Toronto LLP has not received or will not receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of any of the Company's associates or affiliates in connection with the preparation or certification of any statement, report or valuation prepared. To the knowledge of the Company, Collins Barrow Toronto LLP (or any of the designated professionals thereof) held securities of the Company representing more than 1% of all issued and outstanding securities as at the date of the statement, report or valuation in question.

AUDIT COMMITTEE INFORMATION

The Company has an audit committee (the "**Audit Committee**") to assist the Board in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the Company, the adequacy of internal accounting controls and procedures and the quality and integrity of financial statements.

AUDIT COMMITTEE CHARTER

Set forth as Appendix "A" to this Annual Information Form is the full text of the Charter of the Audit Committee.

COMPOSITION OF THE COMMITTEE

As at December 31, 2011, the Audit Committee was composed of Martin Bernholtz, Michael Rohrer and Keith McKenzie.

RELEVANT EDUCATION AND EXPERIENCE

All of the members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements. The Board has determined that two members of the Audit Committee are "independent" as defined in National Instrument 52-110 – Audit Committees ("**NI 52-110**"). Mr. Keith McKenzie is not "independent" as defined in NI 52-110 as he is the Chief Executive Officer of the Company. Each member of the Audit Committee is "financially literate" as defined in NI 52-110.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

Martin Bernholtz, BBA, CA has extensive finance and public company experience. He has been a director of the Company since December of 2006. Mr. Bernholtz has held the position of Chief Financial Officer of Kerbel Group Inc., an integrated real estate developer and property owner since 1988. In this capacity, he is responsible for the areas of finance, accounting and personnel. Mr. Bernholtz previously spent six years with Laventhol & Horwath in the Litigation Support and Business Valuation areas. Since 1991, Mr. Bernholtz has served as director of various public & private corporations, including the public corporations and audit committees of Covalon Technologies Ltd., Titan Medical Devices Inc. and PetroCorp Inc. Mr. Bernholtz graduated in 1981 with a Bachelor degree in Business Administration from York University, and became a Chartered Accountant in 1984.

Mr. Rohrer brings corporate governance experience to the audit committee with finance experience having owned and operated private businesses and serving as a member on various charitable organizations, including finance and fundraising committees, as well as on the board of directors of Sober Steering. In his various capacities Mr. Rorher has had oversight in reviewing and an approving financial statements, corporate planning and budgeting.

Mr. McKenzie is the Chief Executive Officer of the Company and has been since September 2006. As co-founder of SelectCore, Keith was instrumental in taking the Company public on the TSXV in 2006. Through his position at SelectCore, and previous management roles with private corporations, Mr. McKenzie has had experience with the preparation, review and approval of financial statements as well as corporate planning, budgeting and working with the Company's CFO and auditors.

RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee approves, on a case-by-case basis, all non-audit services provided to the Company by the Company's external auditors, Collins Barrow Toronto LLP.

EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The fees paid or payable by the Company to Collins Barrow Toronto LLP., the Company's external auditors, for each of the last two fiscal years of the Company for audit and non-audit services were as follows:

Collins Barrow Toronto LLP	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010
Audit Fees	$157,000	$142,000
Audit-Related Fees	$61,368	$0
Tax Fees	$0	$0
All Other Fees	$15,662	$6,459

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular prepared in connection with the Company's annual and special meeting of shareholders held on June 30, 2011, filed on SEDAR on June 30, 2011.

Additional financial information is provided in the Company's consolidated financial statements and management discussion and analysis for the financial years ended December 31, 2011and 2010, and additional information relating to the Company is on SEDAR at www.sedar.com.

APPENDIX "A"

Audit Committee Charter

Purpose of the Committee

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("GAAP"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and to provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material aspects, the financial position, results of operations and cash flows of the Company in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of an oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

Authority and Responsibility

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.

Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

Pre-approve all non-audit services to be provided to the Company by the independent auditor.

Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.

Establish and review the Company's procedures for the:

- receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

- confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities.

The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors as the expense of the Company.

Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the Business Corporations Act (Ontario) and the articles of the Company.