



**TIMES THREE WIRELESS INC.**

**ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

**April 8, 2013**

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## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form, constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. 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. Times Three Wireless Inc. ("**Times Three**" or the "**Corporation**") believes 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. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to, but not limited to, the following:

- the Corporation's business plan and its intention to enter into new business segments and diversify its revenue streams, including its intention to develop a majority of its future revenues from its technology licensing program;
- business trends;
- new and emerging markets;
- technological developments;
- the Corporation's plans for licensing its intellectual property and other intentions to monetize the same;
- competition and changes in the competitive landscape;
- the Corporation's dividend policy and sufficiency of its financial resources;
- expectations regarding the ability to raise capital;
- the potential business applications relating to the Corporation's IP and other products;
- management's expectations and assessments of a typical cycle for the negotiation and execution of a licensing arrangement, including timing, pricing and potential litigations and settlements of disputes;
- matters related to the Corporation's strategic review of its networking operations and business, including possible timing and potential outcomes of the same;
- the Corporation's future intentions with regards to its IP, including the filing of additional patents in the U.S. and in other jurisdictions; and
- treatment under governmental regulatory regimes.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this Annual Information Form, assumptions have been made regarding, among other things:

- the ability to obtain services and supplies in a timely manner to carry out its activities;
- the ability to successfully negotiate license agreements with customers;
- the ability of the Corporation to protect its intellectual property and prevent infringement of the same;
- the ability to obtain financing on acceptable terms;
- the ability of the Corporation to file patents in a timely manner and the acceptance of those filings in such jurisdiction as is necessary to ensure the continued protection of the Corporation's intellectual property;
- currency, exchange and interest rates;
- the Corporation's ability to enhance current products and services, or develop new products and services in a timely manner at competitive prices;
- the ability of the Corporation to identify and secure a commercially reasonable business transaction with regards to its strategic review of its networking operations;
- the ability to successfully manage and enhance the Corporation's brand;
- the ability to protect the Corporation's proprietary information;
- future technological developments;
- the impact of increasing competition;

- the continuity of existing business relationships;
- conditions in general economic and financial markets; and
- the ability to obtain all necessary regulatory approvals.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- liabilities inherent in the Corporation's operations;
- competition in the Corporation's target markets;
- competition for, among other things, capital, acquisitions and skilled personnel;
- technical and processing problems;
- risk of third party claims of infringement;
- the ability to hire and retain qualified employees and key management personnel;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- any deteriorating economic or market conditions that could lead to reduced spending on technology products;
- adverse rulings or judgments in respect of the Corporation's business, including patent and other intellectual property claims;
- potential capital needs;
- management of future growth and expansion;
- the development, implementation and execution of the Corporation's strategic vision;
- protection of proprietary information;
- the Corporation's ability to successfully obtain patent or other proprietary or statutory protection for its technology and products;
- risks associated with strategic alliances;
- tax liabilities, resulting from changes in tax laws or otherwise, associated with the Corporation's operations in foreign countries;
- failure to obtain necessary regulatory approvals;
- risks associated with changes in domestic and international market conditions;
- the development of new markets for the Corporation's products; and
- the other factors discussed under "Risk Factors".

**Readers are cautioned that the foregoing lists of factors are not exhaustive. Should one or more of these risks and uncertainties materialize, or should the Corporation's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements. The Corporation cannot guarantee future results, levels of activity, performance, or achievements. Moreover, the Corporation does not assume responsibility for the outcome of the forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.**

**The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.**

#### **CERTAIN DEFINITIONS**

In this annual information form, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), together with any or all regulations promulgated thereunder, as amended from time to time.

"**AIF**" or "**Annual Information Form**" means this annual information form.

"**Cell-Loc**" means Cell-Loc Location Technologies Inc., which company conveyed its technology, assets and liabilities to Times Three pursuant to the Cell-Loc Arrangement.

"**Cell-Loc Arrangement**" means the plan of arrangement under the provisions of the ABCA pursuant to which the former business, assets and liabilities of Cell-Loc were conveyed to Times Three and former holders of securities of Cell-Loc became securityholders of Times Three, all as further described under the heading "*Three Year History – Year Ended December 31, 2011*".

"**Cell-Loc Shares**" means the common shares in the capital of Cell-Loc.

"**CLTI**" means CLTI, a company organized pursuant to the laws of the Cayman Islands.

"**Common Shares**" or "**Times Three Shares**" means the common shares in the capital of the Corporation.

"**Company**", "**Corporation**" or "**Times Three**" means Times Three Wireless Inc., a company organized pursuant to the laws of Alberta.

"**GPS**" means Global Positioning System.

"**IP**" means intellectual property.

"**R&D**" means research and development.

"**Samsung**" means Samsung Electronics Co. Ltd.

"**TSXV**" means the TSX Venture Exchange.

"**U.S.**" or "**U.S.A**" means means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"**Walkervale**" means Walkervale Holdings Inc., a company organized pursuant to the laws of the British Virgin Islands.

"**X3**" means X3 Telecomunicações e Equipamentos Ltda, a company organized pursuant to the laws of Brazil.

## **CURRENCY**

Unless otherwise specified in this Annual Information Form all dollar amounts are stated in Canadian dollars and all references to "dollars" or "\$" are to Canadian dollars. All Canadian dollar equivalents to Brazilian reais presented herein are based on the exchange rate at the time of the applicable described transaction and do not necessarily reflect current exchange rates or Canadian dollar equivalents.

## **CORPORATE STRUCTURE**

### *Cell-Loc*

Cell-Loc (which company conveyed its technology, assets and liabilities to Times Three pursuant to the Cell-Loc Arrangement) was incorporated on October 29, 2003 pursuant to the provisions of the ABCA as "1073691 Alberta Ltd.". Pursuant to articles of amendment dated November 24, 2003, "1073691 Alberta Ltd." changed its name to "Cell-Loc Inc."

On December 2, 2003, Cell-Loc Inc. and Cell-Loc were parties to a reorganization transaction pursuant to a plan of arrangement under the provisions of Section 193 of the ABCA. The arrangement was carried out pursuant to an arrangement agreement dated as of November 3, 2003 among Cell-Loc Inc., Cell-Loc and the Capitol Energy

Resources Investment Partnership. Pursuant to the arrangement, Cell-Loc Inc. divested its assets and liabilities to Cell-Loc, distributed Cell-Loc Shares to the shareholders of Cell-Loc Inc. and Cell-Loc Inc. changed its name to "Capitol Energy Resources Ltd." and commenced operations as an oil and gas company, while Cell-Loc continued the former business of Cell-Loc Inc.

On May 21, 2008, Cell-Loc consolidated the outstanding Cell-Loc Shares on the basis of one (1) new consolidated Cell-Loc Share for each five (5) issued and outstanding Cell-Loc Shares.

### *Times Three*

On November 30, 2011, Cell-Loc completed the Cell-Loc Arrangement pursuant to a plan of arrangement under the provisions of Section 193 of the ABCA. The arrangement was carried out pursuant to an arrangement agreement dated as of October 4, 2011, between Cell-Loc and Shea Nerland Calnan LLP, in its capacity as agent and attorney for an arm's length Alberta private company.

Pursuant to the Cell-Loc Arrangement and effective November 30, 2011:

- Cell-Loc transferred all of its technology assets, liabilities and business to Times Three, being a newly formed company under the provisions of the ABCA (as created pursuant to the amalgamation of New Cell-Loc #1 Ltd. and New Cell-Loc #2 Ltd. on November 30, 2011, each of which were formed prior to the completion of the Cell-Loc Arrangement for the purposes of participating in the Cell-Loc Arrangement);
- The shareholders of Cell-Loc received one Common Share for each Cell-Loc Share held immediately prior to giving effect to the Cell-Loc Arrangement; and
- Times Three became a "reporting issuer" in certain jurisdictions of Canada, with its common shares trading on the TSXV under the symbol "TTW".

The Corporation currently has one wholly-owned subsidiary, Cellocate Technologies (Barbados) Inc. ("Cellocate"), a company formed under the laws of the Barbados and owns 70% of the common shares of Citytrac Ltd., a company formed under the laws of Saskatchewan. Neither of these companies currently carries on any active business.

The Corporation's principal office is located at #208, 1610 – 37<sup>th</sup> Street S.W., Calgary, Alberta T3C 3P1 and its registered office is located at Suite 2400, 525-8th Ave S.W. Calgary, Alberta T2P 1G1.

## **THREE-YEAR HISTORY**

The following is a description of the Corporation's three-year history. All events prior to November 30, 2011 are in respect of Cell-Loc, which company conveyed its technology, assets and liabilities to Times Three pursuant to the Cell-Loc Arrangement.

### ***Year Ended December 31, 2009***

In January 2009, Cell-Loc announced that it had sold one of its patents (U.S. patent #5,890,068 - Wireless Location System) to Samsung for U.S. \$650,000. Under the terms of the agreement, Cell-Loc retained the rights to use the technology addressed in the patent for both its own use and for the use of its customers globally.

On September 4, 2009, Cell-Loc announced that that it settled an outstanding debt in the amount of \$4,000 through the issuance of 80,000 Cell-Loc Shares at a deemed price of \$0.05 per share. The outstanding debt related to salaries voluntarily deferred by an employee of Cell-Loc as part of an effort to reduce the cash expenditures of Cell-Loc.

### ***Year Ended December 31, 2010***

In March 2010, Cell-Loc announced that it and its joint venture partner, Samsung, had been unable to deliver on any material milestones under their previously announced joint development project. As such, Cell-Loc announced that in an effort to further reduce its operating costs, it had provided working notice to certain of its Calgary-based

employees. Additionally, Cell-Loc announced plans to monetize some or all of its operating assets, including its equity interest in its then indirect majority owned operating Brazilian based subsidiary, X3.

In May 2010, Cell-Loc announced a reorganization of its Brazilian-based operations. Pursuant to the reorganization, Cell-Loc assigned all amounts owing to it by its majority owned Brazilian operating subsidiary, X3 to CLTI. At the time, CLTI was majority owned (74%) by Cell-Loc and was the parent company of X3. The amount assigned was approximately 13 million Brazilian reais (approximately \$7.4 million at such time) and included all unpaid royalties, outstanding principal and interest and all other amounts owing by X3 to Cell-Loc. As consideration for such assignment, Cell-Loc received from CLTI a promissory note having the following terms:

- payment of 1,600,000 Brazilian reais (approximately \$912,000 at such time) to be paid by CLTI through four payments of 100,000 Brazilian reais (approximately \$57,000 at such time), with the first payment being made on closing, each subsequent payment being made monthly for the following 3 months, and the balance of 1,200,000 Brazilian reais (approximately \$684,000 at such time) being paid on February 15, 2011; and
- payment of a performance based amount of 11% of X3's EBITDA in each of fiscal 2011, 2012 and 2013 payable upon the occurrence of certain performance based events associated with X3's operations, subject to a minimum payment of 400,000 Brazilian reais/year (approximately \$228,000/year at such time).

Also under the reorganization, Cell-Loc entered into a new technology license agreement with CLTI, replacing the then existing license agreement between the Corporation and X3, providing CLTI and X3 the right to use certain of Cell-Loc's proprietary wireless location technology. The license agreement provided for:

- a monthly royalty payment to Cell-Loc equal to 3% of X3's gross revenues;
- the granting to CLTI of a right of first refusal applicable to any sales or licenses by Cell-Loc of its wireless location intellectual property, in respect of Argentina only; and
- CLTI will own all improvements to the licensed technology in Brazil and Cell-Loc will own any improvements elsewhere in the world.

Also under the reorganization, Cell-Loc through its wholly-owned subsidiary, Cellocate, together with the minority equity owners of CLTI, conveyed all of the equity of CLTI to Walkervale in consideration of the assumption by Walkervale of the debts of CLTI and X3.

As part of the reorganization, Walkervale also subscribed for 2,800,000 units of Cell-Loc at a price of \$0.05 per unit for aggregate gross proceeds of \$140,000. Each unit was comprised of one Cell-Loc Share and one Cell-Loc Share purchase warrant. Each warrant was exercisable into one additional Cell-Loc Share at any time up to 24 months from the date of issuance upon payment of \$0.10.

On June 14, 2010, a group of dissident shareholders filed a dissident proxy circular seeking shareholder approval for the election of new directors of Cell-Loc. The circular included a proposal from the dissident group for a slate of eight (8) directors, including four Brazilian nominees, three of whom were associated with Walkervale. At the meeting of shareholders held on June 29, 2010, the shareholders approved the election of Michel Fattouche, Keith Bohn, Alvaro Schocair, Roberto Junqueira, Carlos Leão, Ariovaldo Aprikian, Dick Tchardjian and Robert Henschel as directors of Cell-Loc, each of whom were proposed for election as directors of Cell-Loc by the group of dissident shareholders.

On July 5, 2010 Cell-Loc announced the termination of the employment of Mr. Sheldon Reid, the former President and Chief Executive Officer of Cell-Loc, and the appointment of Keith Bohn to such position.

In July 2010, Cell-Loc entered into a professional services agreement with X3 for a minimum one (1) year term. The professional services agreement required that X3 pay to Cell-Loc a minimum of \$600,000 over the term for ongoing engineering design and support services. Cell-Loc agreed to provide X3 with the design and development of Beacon 7, the next generation beacon designed to combat vehicle theft and incorporate unique safeguards for operating when jammer devices are deployed. As part of the professional services agreement, Cell-Loc also reached

an agreement with X3 to immediately re-hire all Calgary based technical staff then employed by X3 back to Cell-Loc.

In August 2010, Cell-Loc completed a restructuring of its note receivable from CLTI. Pursuant to the terms of the original agreement, Cell-Loc and CLTI agreed to restructure the payment requirement to provide Cell-Loc with monthly payments of 100,000 Brazilian reais commencing September 1, 2010.

In December 2010, Cell-Loc entered into settlement agreements with the holders of previously issued convertible debentures, which convertible debentures were in default. The debentures were originally issued in June 27, 2008, as 12% unsecured convertible subordinated debenture and had a conversion price of \$0.75 per share until their expiry on December 31, 2009. Under the terms of the settlement agreements, each of the four debenture holders agreed to receive fixed monthly payments aggregating \$20,000 plus 60% of the proceeds of any new financing obtained by Cell-Loc until the principal amount of the debenture was repaid. Unpaid interest which had been accrued to date was not subject to this arrangement. Cell-Loc also agreed to issue 300,000 Cell-Loc Shares at a deemed issue price of \$0.065 per share to the debenture holders as part of the settlement agreement.

### ***Year Ended December 31, 2011***

In May 2011, Cell-Loc completed a non-brokered private placement of 4,148,333 units for gross proceeds of \$497,800 at a price of \$0.12 per unit. Each unit consisted of one Cell-Loc Share and one Cell-Loc Share purchase warrant. Each warrant entitled the holder thereof to acquire one Cell-Loc Share at an exercise price of \$0.18 per share at any time on or before the 18 month anniversary of the closing of the offering.

In July, 2011, Cell-Loc agreed to issue a total of 150,000 Cell-Loc Shares at a deemed issue price of \$0.10 per share to three debenture holders as consideration for their agreement to waive certain repayment rights in connection with Cell-Loc's financing completed in May 2011. Additionally, Cell-Loc agreed to issue 180,000 Cell-Loc Shares at a deemed issue price of \$0.10 per share to a company controlled by one of the Cell-Loc's directors as compensation for business development services provided by him to Cell-Loc.

In June 2011, Cell-Loc announced that it had applied to a provincial technology funding agency for funding support of technology development and commercialization initiatives and had received conditional approval for an initial program providing up to \$200,000 in support of Cell-Loc's technology.

On October 4, 2011, Cell-Loc announced that it has entered into an arrangement agreement in respect of the Cell-Loc Arrangement with an arm's length private company, through their authorized agent and attorney, pursuant to which Cell-Loc intended to complete a reorganization transaction, whereby the holders of Cell-Loc Shares would receive Common Shares on a pro rata basis consistent with their relative percentage holdings of Cell-Loc Shares immediately prior to giving effect to the Cell-Loc Arrangement and Times Three would carry on the business of Cell-Loc.

On October 18, 2011, Cell-Loc announced that it had entered into a share purchase agreement pursuant to which Cell-Loc had agreed to purchase from certain persons, including Walkervale and Ariovaldo Aprikian, a director of Cell-Loc, the issued and outstanding ordinary shares of CLTI in consideration for the issuance of an aggregate of 16,205,883 Cell-Loc Shares at a deemed issue price of \$0.12 per Cell-Loc Share. CLTI's only asset was the issued and outstanding ordinary shares of X3 which company was operating Cell-Loc's wireless network in Brazil under license.

On November 1, 2011, Cell-Loc announced that it would not be proceeding with its previously announced acquisition of CLTI and that Cell-Loc had advised the shareholders of CLTI that it had terminated the previously announced acquisition agreement respecting Cell-Loc's proposed acquisition of CLTI. In addition, subsequent to the termination of the acquisition agreement, Alvaro Schocair and Roberto Junqueira resigned from the board of directors of Cell-Loc.

On November 30, 2011, Cell-Loc completed the Cell-Loc Arrangement, pursuant to which, among other things:

- Cell-Loc transferred all of its technology assets, liabilities and business to Times Three, being a newly formed company under the ABCA as a result of the amalgamation of New Cell-Loc #1 Ltd. and New Cell-Loc #2 Ltd.;
- the former holders of Cell-Loc Shares received Times Three Shares on the basis of one Times Three Share for every one Cell-Loc Share held immediately prior to giving effect to the Cell-Loc Arrangement, the former holders of options to purchase Cell-Loc Shares received one option to purchase a Times Three Share for every one option to purchase a Cell-Loc Share held immediately prior to giving effect to the Cell-Loc Arrangement (with no other changes to the exercise price, vesting or expiry date) and the former holders of warrants to purchase Cell-Loc Shares received one warrant to purchase a Times Three Share for every one warrant to purchase a Cell-Loc Share held immediately prior to giving effect to the Cell-Loc Arrangement (with no other changes to the exercise price or expiry date);
- The Times Three board of directors was partially re-constituted to consist of Robert Henschel, Dick Tchaidjian, Keith Bohn, James Colvin, Jeff Fortin, Ariovaldo Aprikian and Dr. Michel Fattouche;
- Cell Loc conveyed its technology, assets and liabilities to Times Three and Times Three accordingly continued the business formerly conducted by Cell-Loc;
- Times Three received net cash proceeds of approximately \$900,000 from the arm's-length third party which was a party, through their authorized attorney and agent, to the Cell-Loc Arrangement; and
- Times Three became a "reporting issuer" in each jurisdiction where Cell-Loc was previously a reporting issuer and the Times Three Shares were listed and posted for trading on the facilities of the TSXV under the symbol "TTW".

#### *Year Ended December 31, 2012*

In July 2012 each of Mr. Dick Tchaidjian and Dr. Michel Fattouche resigned from the board of directors of the Corporation. Additionally, Times Three began discussions with X3 in regards to certain delinquent payment obligations owing to Times Three by X3 pursuant to the license arrangement between the two companies. As part of these discussions, X3 agreed to make monthly payments in partial payment of amounts due.

On October 17, 2012, Times Three announced that it had launched a new initiative to realize significant value and revenue from its technology operations and patent assets. Further to this, Times Three announced its intention to build upon its existing wireless networking and technology licensing businesses by developing a new technology and patent licensing program, utilizing its fundamental wireless location patents, new patents it intended to apply for based on its numerous other inventions and anticipated future patent and technology acquisitions.

Times Three also announced that Mr. William Middleton had accepted the position of President, Chief Executive Officer and Chief Legal Officer of Times Three, and had joined Times Three's board of directors, effective October 17, 2012. In connection with this, the Corporation's former Chief Executive Officer, Mr. Keith Bohn, assumed the role of Chief Operating Officer of Corporation, focusing his efforts on managing the Corporation's wireless networking and telemetry operations.

Additionally, Times Three announced that it had entered into a settlement agreement whereby Mr. Dave Guebert (the Corporation's Vice-President, Finance and Chief Financial Officer) had agreed to accept repayment of the amount of \$698,220 currently owed to Mr. Guebert by the Corporation, pursuant to outstanding secured debentures and unsecured advances, by way of the payment to Mr. Guebert of the amount of \$350,000 payable through the issuance of 7,000,000 Common Shares at a deemed price of \$0.05 per share and the issuance to Mr. Guebert of a non-interest bearing, unsecured promissory note in the principal amount of \$348,220 repayable by the Corporation no later than one year from the date of issuance. The Corporation also announced it had entered into a settlement agreement with Location Systems Solutions Inc. ("**LSSI**") with respect to a technology licensing agreement dated July 22, 2005 entered into by Cell-Loc and Location Systems Solutions Inc. (a company to which Mr. Keith Bohn, the Corporation's Chief Operating Officer and a director, is the majority shareholder and a director and officer). In consideration for this settlement, the Corporation agreed to issue 5,000,000 Common Shares to LSSI at a deemed price of \$0.05 per share and to issue to LSSI a non-interest bearing, unsecured promissory note in the principal amount of \$250,000 repayable by the Corporation no later than one year from the date of issuance.

On October 31, 2012, the Corporation closed a non-brokered private placement of 28,000,000 Common Shares at an issue price of \$0.05 per Common Share for aggregate gross proceeds of \$1,400,000. Additionally, on October 31, 2012, the Corporation completed the issuance of 7,000,000 Common Shares at a deemed issue price of \$0.05 per share to Mr. Dave Guebert and 5,000,000 common shares at a deemed issue price of \$0.05 per share to LSSI, in each case pursuant to the terms of the settlement agreements entered into between the Corporation and each of Mr. Guebert and LSSI as described above.

On December 28, 2012, the Corporation completed a brokered private placement financing pursuant to which the Corporation issued an aggregate of 8,496,000 units at an issue price of \$0.09 per unit for aggregate gross proceeds of \$764,640. Each unit was comprised of one Common Share and one Common Share purchase warrant, each warrant entitling the holder thereof to acquire Common Share at any time on or before 24 months from the date of issuance at an exercise price of \$0.13 per share. As consideration for its services pursuant to the financing, the agent of the financing received a cash commission equal to 7% of the total proceeds of the financing and 679,680 non-transferable broker warrants each broker warrant entitling the agent to acquire, at any time on or before 24 months from the date of issuance, one unit at an exercise price of \$0.10 per unit. Additionally, on December 31, 2012, the Corporation closed a non-brokered private placement of 7,517,889 units at an issue price of \$0.09 per unit for aggregate gross proceeds of \$676,610.

### ***Subsequent Events***

On January 14, 2013, Times Three announced the retention of Monte Bond, Jeffrey Hunt and Michael Smith as consultants to the Corporation. Messrs. Bond, Hunt and Smith are based in Dallas and Austin, Texas, U.S.A. and have significant experience in intellectual property law, including intellectual property licensing, litigation, infringement analysis and due diligence and have supplemented and strengthened the Corporation's technology and patent licensing team led by Mr. Middleton.

On January 21, 2013, Times Three announced it had filed four new U.S. patent applications related to its wireless location tracking and wireless data communication technologies. On February 20, 2013, Times Three announced today that it had filed a further five new U.S. patent applications related to its wireless location tracking, wireless data communication and complementary technologies. On March 28, 2013, Times Three announced that it had filed an additional four U.S. patent applications related to its wireless location tracking and wireless data communication technologies. Each of the above patent applications cover communications protocols that minimize the effects of interference and that maximize system availability of remote location tracking and telemetry for applications in remote utility meter reading, intelligent traffic signs, automotive monitoring, road condition telemetry, vending machine reporting, road construction equipment reporting and smart grids.

## **DESCRIPTION OF THE CORPORATION'S BUSINESS**

### **General**

The Corporation is an intellectual property company with a long history of innovation and successful technology and product development that has recently commenced a new initiative to build upon its existing wireless networking and intellectual property portfolio by developing a licensing program, utilizing its fundamental wireless location technology and patents, new patents it has applied for based on its numerous inventions and other patent and IP to be acquired.

The Company has a proprietary technology designed for deployment of wireless data transmission and location based services. The Corporation has installed a commercial network which covers over 1,500 square kilometres in São Paulo, Brazil where its technology is being deployed for stolen vehicle recovery services within that network. The Corporation is currently completing final testing of the use of its technology for telemetry markets that can be serviced by an existing network or customized as a standalone low cost line of sight network application.

## Licensing Operation

In October 2012, Times Three announced its intention to develop additional licensing programs based on the Corporation's past and future innovations. Times Three has begun to focus its resources on commercializing its existing IP and patent portfolio and growing this aspect of its business operations by acquiring additional IP and patents in order to generate new sources of revenue in the future. The Corporation plans to generate the majority of its future revenues from licensing its technology solutions and its patent portfolio.

The Corporation now owns various intellectual property, including but not limited to, issued and pending U.S. patents that it believes may relate to a number of technologies utilized in North America, including but not limited to wireless location equipment and networks as well as various products and devices enabled with assisted GPS technologies (also known as "A-GPS"). Examples of the type of products that may be implicated include certain smartphones, tablet computers and hand-held GPS devices. However, the Company's investigation and analysis of its patent portfolio in relation to these devices and technologies is at a preliminary stage only and will not be completed for several months.

As at December 31, 2012 the Corporation held four fundamental patents developed and registered by its predecessor in business (Cell-Loc Inc.) as summarized below which has become the basis for the Company's first licensing program under this new business strategy:

U.S. Patent No.	Title	Priority Date	Issue Date	Expiration Date
6,208,297	Methods and apparatus to position a mobile receiver using downlink signals, Part 1	Oct. 9, 1998	Mar. 27, 2001	Oct. 9, 2018
6,204,812	Methods and apparatus to position a mobile receiver using downlink signals, Part 2	Oct. 9, 1998	Mar.20, 2001	Oct. 9, 2018
6,799,051	Identification system for mobile transceivers	Nov. 22, 2000	Sept. 28, 2004	Mar. 20, 2023
6,266,014	Methods and apparatus to position a mobile receiver using downlink signals, Part 4	Oct. 9, 1998	July 24, 2001	Oct. 9, 2018

As part of the Corporation's new licensing strategy, the Corporation's licensing team, with the help of outside technology experts and patent counsel, has undertaken an extensive analysis of the above-noted portfolio which is ongoing. As noted above, the team continues to investigate the potential application of these patents to a number of manufacturer's end products and their suppliers' components and their customers' activities. In addition, the Corporation has considered a number of acquisition opportunities related to complementary IP and patents, as well as other licensable assets which could assist in the expansion and development of this aspect of the business.

Given that the Company is at the early stages of developing its licensing programs and has not yet concluded its infringement analysis, let alone tested its patents in extensive licensing negotiations or in litigation, it is impossible to know with certainty whether its patents will withstand the scrutiny necessary to support even a modest royalty rate or whether the licensing of these patents will generate significant revenues.

Generally, upon identifying parties who are using the Corporation's technologies and who are or may be infringing its patents, the Company hopes to engage those parties in discussion with the aim of concluding license agreements. On average, in management's experience, it takes approximately 12-24 months from the time a party is first approached about taking a license until a final license agreement is negotiated and signed. However, sometimes that period may be shorter or even longer. Typically, the discussions leading up to the conclusion of a license agreement first involves the Corporation's presentation of claims charts relating the claims of its patents to the applicable products or systems of prospective licensees. Analysis and discussion of various technical and patent legal issues

generally follows. The last aspect of negotiations will involve the non-financial terms of the prospective license and then, finally, the financial provisions, including royalty rates.

Royalty rates and other license consideration vary significantly depending on many factors, and rates can vary from 0.1% to 10% or more of the average selling prices of defined products, or alternatively, from \$0.10 to over \$1.00 per unit sold. Some factors which can impact the rates include the clarity of the "reads" of the patent claims on the devices at issue; the significance of the technology reflected in those claims to the functionality of the products; the selling price of the products; the sales volumes of infringing devices; past sales and future sales projections and the prospective licensee's financial status. Some licenses are concluded on a running royalty basis according to unit sales volumes or total gross sales while others feature a fixed sum paid over a defined multi-year term or even a single lump sum covering some relevant period.

The Company expects that some infringers will not negotiate seriously until they face litigation, which must be initiated in the U.S. when U.S. patents are involved. However, studies consistently demonstrate that the vast majority of patent infringement litigation cases are resolved by a negotiated settlement which commonly involves a license agreement between the patent owners and the infringing entities. It has also been management's experience that it is very rare that a case will ever proceed through trial to an actual verdict before a settlement is concluded. Nonetheless, it is important for prospective licensees to understand that the Corporation will protect its IP by commencing and prosecuting litigation when required. It is also important that the Company be in a position to sustain a protracted dispute so that the defendants realize it is serious about receiving fair compensation for the use of its technologies.

In addition to any litigation that may be commenced by the Company in the future, it is also possible that one or more parties will file a lawsuit against Times Three seeking a declaratory judgment of non-infringement, invalidity and/or unenforceability of the Corporation's patents or other technology rights.

In order to diversify the Company's licensing operation, to better manage the risks associated with the assertion and litigation of patent and technology rights, and to leverage the use of the Corporation's expert staff and resources, Times Three plans to develop and implement multiple licensing programs based upon its past and future innovations and through the acquisition of additional patents and IP from a variety of sources.

In some cases, the Company will enter into strategic relationships with inventors, researchers, academic institutions and technology companies pursuant to which the Company will foster, and perhaps fund, part of ongoing R&D costs in return for securing the right and obligation to generate revenues from the licensing or sale of resultant IP and patent rights. This may also involve assisting such organizations to file for and prosecute patents, or the outright conveyance of issued and pending patents to the Company. The Corporation is already actively involved in a number of business discussions with a variety of third parties in this regard.

Times Three will also seek out opportunities to purchase IP including issued and pending patents from inventors and organizations who are not in a position to monetize such assets. Some assets will be complementary to areas of technology that the Company has had past involvement in, while others will simply be patents and IP that management believes are capable of generating meaningful future licensing income. To date, the Company has also been investigating and assessing many acquisition opportunities of this nature.

### **Networking Operation**

Times Three (including its predecessors in business) has developed a number of innovative technologies, the most important of which are described below:

#### *Cellocate Technology Overview*

The Cellocate Beacon™ network (the "**Cellocate Network**") provides high accuracy and reliable performance. This performance and accuracy continues in difficult environments such as urban and suburban locations where line of sight can be an issue for other technologies. The Corporation's technology relies on terrestrial (high buildings, towers, etc.) network infrastructure to compute the position of an object. The Cellocate network is a stand-alone

network. Whether locating the Cellocate Beacon or other wireless devices, the Cellocate network is independent from other wireless carriers. It is easily scaleable, meaning that as demand increases, additional operational capability can be added by simply adding modules to the chassis.

The basis of the Cellocate Network is the very accurate measurement of time. As the radio frequency signals travel at the speed of light, 300,000 kilometres per second, the Cellocate Network measures transmissions at very accurate levels. At the network controller, Cellocate's software performs the time difference of arrival analysis and interpolation followed by hyperbolic multilateration.

#### *The Corporation's Network-based Time Difference of Arrival*

Network-based refers to the fact that a series of terrestrially deployed "listening posts" collect data and send it to a centralized server that then calculates locations, versus a handset-based solution in which the wireless device or handset does the calculation using GPS positioning. Time difference of arrival positioning is accomplished by estimating the time of arrival of wireless handset signals at a number of fixed sites of known geographical location.

#### *Cellocate Beacon™ Network and Device*

The Cellocate Beacon™ system provides organizations with a low-cost, flexible, accurate method to effectively determine the location of inventory. The standard AA battery-powered Cellocate Beacon device utilized is small and adaptable. Inventory locations, using real-time mapping, are available via a client application or a secure web application. The Cellocate Beacon has been specifically designed to track assets and people. The Beacon is inherently a tracking device, rather than a navigational tool. As an integral part of the overall system, the Corporation has carefully designed the user device to be low-cost, while at the same time very reliable.

#### *Advantages of the Cellocate Beacon™ Network and Device:*

- Transmitted signals only need to travel short distances (a few kilometres) in a terrestrial network versus celestial (GPS) network where the signals need to travel much further.
- Provides automatic operation, therefore there is no need to send out tracker vehicles or helicopters.
- A limited number of towers are capable of providing wide coverage.
- Independent network.
- High availability and reliability.
- High capacity.
- The network has many uses, allowing operational expenses to be spread among many business applications (i.e., tracking, monitoring and telemetry).
- No radio frequency spectrum license is required for the Cellocate Beacon™ downlink.
- Uses standard servers, easily expanded as capacity needs grow.

A Cellocate Network would typically be deployed across a large metropolitan area, possibly including surrounding suburbs. The towers or buildings are normally spaced 10 km (6 miles) apart, but actual spacing depends on tower height, antenna type, sector plan, terrain, topography and other factors. The Corporation's receivers (listening posts) are placed on towers or high buildings throughout coverage area. The listening posts collect data and send it to a centralized server that then calculates locations within seconds. The locations of the tracked assets are then forwarded to the end-user.

The Corporation has previously installed a commercial Cellocate Network in São Paulo, Brazil where its technology is being deployed for stolen vehicle recovery services within that network, which is currently operated by X3. A broad range of location services that add value to many existing industries, as well as consumer applications, are enabled by the Cellocate Network.

## **New Developments in the Corporation's Business**

### **Licensing Operation**

Further to Times Three's new initiative to generate revenue from licensing transactions, in the period from January 2013 to March 2013, Times Three announced the filing of thirteen (13) additional new U.S. patent applications related to its wireless location tracking and wireless data communication technologies, which are intended to strengthen and supplement Times Three's licensing program. See "*Three-Year History – Recent Developments*". In time, in appropriate situations, the Company is also likely to file related patent applications seeking protection in Europe, Asia and South America as well as other jurisdictions.

The Company's new patent applications cover communications protocols used for remote utility meter reading, intelligent traffic signs, automotive monitoring, road condition telemetry, vending machine reporting, road construction equipment reporting and smart grid applications. The inventions underlying these pending patents reduce the quantity of equipment required as well as reducing deployment and operating costs. These leading edge technologies are expected to become widely-adopted in the near future, involving large numbers of wireless devices. Times Three intends to further supplement and strengthen its patent portfolio through a combination of acquisitions and new filings based on its own innovations.

In January 2013, Times Three announced that it had entered into an agreement to purchase a group of fundamental patents that cover a high-yield, cost-efficient and "environmentally cleaner" process for the production of half-esters. Half-esters are valuable specialty chemicals used as essential building blocks to create a variety of widely used, high volume consumer and industrial products, including polyesters and other polymeric materials. Times Three has the exclusive right to further develop the portfolio by filing additional patents arising from ongoing research involving the underlying technologies conducted by the inventor (a professor at a leading Texas university) and her team, with the financial support of the Company. The total costs of this arrangement will be paid in series of instalments over a period ending on December 31, 2015, together with a modest percentage of revenues derived from the licensing of the IP, net of all major licensing and any required litigation costs (the detailed terms remain confidential as between the parties).

The Company's unique and mutually-advantageous business model is designed to promote further important innovation directly managed by an expert in the field while enabling Times Three to develop valuable new IP and patent rights which can be licensed or sold to organizations which seek to use or are already utilizing the underlying technology solution. The Company is thereby not required to pay in advance large sums to acquire such rights, but instead the innovators receive funding support for their work from the Company along with a modest share of future licensing proceeds, net of the major program costs incurred by Times Three. Moreover, by being involved in the development of IP rights at inception, the Company is able to add maximum value in a highly efficient and cost-effective manner, delivering a level of expertise that most inventors, researchers and smaller organizations could rarely develop on their own.

As described in the previous section, the Company continues to pursue its business model with a number of organizations including technology companies and academic institutions in the U.S.A., Canada and elsewhere.

### **Networking Operation**

#### *Beacon 7 Development*

The Corporation has completed the development of Beacon 7 to be used in its commercial Cellocate Network in São Paulo Brazil. The most significant functional improvement over previous beacons includes the addition of autonomous vehicle theft detection. This design is expected to improve the vehicle recovery rate performance of the product by reducing the unauthorized tampering of the Beacon by vehicle thieves. This feature will reduce the delay in the reporting of stolen vehicles, providing immediate call centre notification. Overall performance and operation of the stolen vehicle service will also improve through technological advances in current (existing) electronic

components. The Corporation's competitive cost advantage will be further improved through the use of lower cost electronic components.

#### *Telemetry Project*

The Corporation is currently in the final testing stage of a project to advance the telemetry/smart grid technology application to provide two-way data communication. The Corporation is working with a major utility company in Brazil and is in the process of conducting specified tests to demonstrate telemetry data transmission performance in the São Paulo network. X3 licenses the proprietary telemetry technology from the Company and provides maintenance and support services to Times Three in respect of, among other things, these testing operations.

#### *Strategic Review*

Since November 2012, the Corporation has been conducting a strategic review of its networking operation to ensure that it will materially contribute to and sustain the future profitability of Times Three. The Corporation's objective is to build upon its existing commercial relationship with X3 and its new partners by expanding its customer base and product offering in order to ensure the continued viability of the networking operation. All options are being considered during the strategic review period that is expected to be concluded by the end of 2013, including but not limited to the expansion of the networking operation within South America and elsewhere; and/or the partial or full divestiture of this operation to a strategic business partner or third party.

#### **Employees**

At December 31, 2012, Times Three had 6 employees and, as at April 8, 2013, the Corporation had the same number of employees along with three full time consultants. Times Three expects to continue growing staffing levels in 2013 as a result of its new focus on its technology licensing programs.

#### **Foreign Operations**

The Corporation currently directly operates in two countries being Canada and the United States, and indirectly operates in other foreign jurisdictions, through licensing arrangements, including through its current licensing arrangement in Brazil with X3. As the Corporation enters into new markets and expands its licensing program, the Corporation may in the future become increasingly dependent on foreign operations for its business.

#### **Bankruptcy and Similar Procedures**

There have been no bankruptcy, receivership or similar proceedings against the Corporation, or any voluntary receivership, bankruptcy or similar proceeding by the Corporation within the three most recently completed financial years or proposed for the current financial year.

#### **Reorganizations**

Other than in respect of the Cell-Loc Arrangement, there have been no material restructuring transactions of the Corporation or any of its subsidiaries within the three most recently completed financial years or proposed for the current financial year.

#### **Social and Environmental Policies**

The Corporation is committed to meeting industry standards in each jurisdiction in which it operates with respect to human rights, environment, health and safety policies. Management, employees and contractors are governed by and are required to comply with the Corporation's policies as well as all applicable federal, provincial and municipal legislations and regulations. It is the primary responsibility of the managers, supervisors and other senior staff of the Corporation to oversee safe work practices and ensure that rules, regulations, policies and procedures are being followed.

### **Significant Contracts**

Currently, the Corporation's sole source of revenue is (directly or indirectly) from its licensing arrangement with X3. To mitigate the dependence on this arrangement, the Corporation is presently expanding its focus to secure new revenue streams including further licensing arrangements in respect of its proprietary intellectual property and other joint venture opportunities. See "*Risk Factors – Revenue Concentration*".

### **Intellectual Property**

Times Three's innovations are protected through patents filed in the U.S. and, as required, in other countries. As at the date of this AIF, the Corporation held a number of patents issued or pending worldwide, not including patents to which the Corporation has exclusive sub-licensing rights but does not hold title. Internal and external working relationships involve written confidentiality agreements with employees, licensees, suppliers, agents and consultants. The Corporation believes that its patents, patent applications, and other intellectual property will continue to have significant potential value as a source of revenues. All patents secured by inventors as part of or in connection with work carried out on behalf of the Corporation are assigned to the Corporation by the inventor with nominal compensation to the inventor.

### **Competitive Conditions**

The technology licensing and location based service industry is very dynamic with many participants providing many different solutions. In Brazil, the Corporation has deployed its proprietary network and has spent a considerable amount of resources establishing infrastructure to support such operations, which are presently under license to X3. The Corporation continues to enter into new markets and segments in an attempt to increase revenues and cash flows and will compete with other industry players, some of which may have greater financial resources, established customer bases and a history of operations. See "*Risk Factors – Competition*".

### **Cyclical Nature of Business**

The Corporation has not experienced and does not foresee cyclical influences on the Corporation's commercial activities. This may change as the Corporation's products become more seasoned or as lines of business expand geographically and include other functionality.

### **New Products**

The Corporation is presently in the final stages of the commercialization of its Beacon 7 tracking device as well as its telemetry technology. See "*Description of the Corporation's Business – New Developments in the Corporation's Business*".

## **SIGNIFICANT ACQUISITIONS**

The Corporation has not made any significant acquisitions during the year ended December 31, 2012 for which disclosure is required pursuant to Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations*.

## **DIVIDENDS**

The Corporation has not paid any dividends on the Common Shares and does not intend to pay dividends on the Common Shares in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund future growth, the financial condition of the Corporation and other factors the board of directors may consider appropriate in the circumstances.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof there are 91,982,145 Common Shares issued and outstanding. No preferred shares are currently issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the shares in the Corporation's share capital.

### Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of the Corporation. Subject to the rights of the holders of preferred shares, and any other shares having priority over the Common Shares, holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of the Corporation and upon liquidation, dissolution or winding-up of the Corporation or other liquidation of assets of the Corporation among its shareholders for the purposes of winding-up its affairs, to receive the remaining property of the Corporation.

### Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares without nominal or par value. Each series of preferred shares shall consist of such number of shares and have such rights, privileges, restrictions and conditions as may be determined by the board of directors of the Corporation prior to the issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the preferred shares are entitled to preference over the Corporation and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

## MARKET FOR SECURITIES

The Common Shares have been listed and posted for trading on the TSXV since November 30, 2011 under the symbol "TTW".

The following sets forth the price range and trading volume of the Common Shares on the TSXV (as reported by such exchange) for the periods indicated:

Period	Price Range		Volume
	High (\$/share)	Low (\$/share)	
<b>2012</b>			
January	0.05	0.03	11,800
February	0.08	0.03	50,000
March	0.08	0.03	103,200
April	0.04	0.03	99,600
May	0.03	0.02	422,000
June	0.03	0.02	419,800
July	0.03	0.02	80,300
August	0.02	0.02	63,000
September	0.02	0.02	54,400
October	0.20	0.02	1,733,700
November	0.15	0.10	717,900
December	0.13	0.05	495,500
<b>2013</b>			
January	0.14	0.10	464,900
February	0.15	0.105	276,793
March	0.145	0.08	724,148
April (1 to 5)	0.12	0.09	152,040

#### PRIOR SALES OF UNLISTED SECURITIES

The following is a description of all securities, other than Common Shares, that were issued by the Corporation during the year from January 1, 2012 until the date of this Annual Information Form:

Date	Description of Security	Number	Exercise Price
December 31, 2012	Warrants	7,517,889	\$0.13 per share
December 28, 2012	Warrants	8,496,000	\$0.13 per share
December 28, 2012	Broker Warrants <sup>(1)</sup>	679,680	\$0.10 per unit
January 8, 2013	Stock Options	7,386,000	\$0.10 per share

Note:

- (1) Each broker warrant is convertible into one unit, each unit is comprised of one Common Share and one Common Share purchase warrant, each warrant entitling the holder to acquire one Common Share at any time prior to December 28, 2014 at an exercise price of \$0.13 per share.

#### ESCROWED SHARES AND COMMON SHARES SUBJECT TO A CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the Corporation, as at the date hereof, there are no Common Shares held in escrow (including Common Shares subject to a pooling agreement), or that are subject to a contractual restriction on transfer.

#### DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information in respect to the Corporation's directors and executive officers:

<b>Name, Province and Jurisdiction of Residence</b>	<b>Position with the Corporation</b>	<b>Present Occupation and Positions Held During Last Five Years</b>	<b>Director Since</b>	<b>Number of Common Shares<sup>(1)</sup></b>
James Colvin <sup>(2)(3)</sup> Calgary, Alberta	Director, Chairman of the Board	Management consultant since October 2008. Prior thereto, Chief Executive Officer of Urban Dispatch Logistics Inc, a Calgary-based logistics technology company from May, 2005 to October 2008.	November 30, 2011	1,000,000
William Middleton <sup>(3)</sup> Stittsville, Ontario	President, Chief Executive Officer, Chief Legal Officer and a Director	President, Chief Executive Officer, Chief Legal Officer of the Corporation since October 2012; prior to that President of IP Licensing Consulting Inc. and previously Senior Vice President and General Counsel of WiLAN Inc. since August 2006.	October 17, 2012	3,710,600
Ariovaldo Aprikian São Paulo, SP, Brazil	Director	Founder and Managing Director of AMAPRI Telecom, Chief Executive Officer of X3 Telecomunicações e Equipamentos Ltda.	November 30, 2011	Nil
Jeff Fortin <sup>(2)</sup> Calgary, Alberta	Director	Senior Tax Practitioner, Burnet Duckworth and Palmer, LLP since 2003.	November 30, 2011	778,000
Robert Henschel <sup>(2)(3)</sup> Calgary, Alberta	Director	Independent businessman. Founder and President of Wireless Consulting Inc. and Wireless Solutions International Inc	November 30, 2011	1,291,667
Keith Bohn Calgary, Alberta	Chief Operating Officer and a Director	Chief Operating Officer of the Corporation since October 2012; prior to that President and Chief Executive Officer of the Corporation (and its predecessor) since July 2011; Business Consultant, Bohn Energy Inc.	November 30, 2011	7,104,548
Dave Guebert Calgary, Alberta	Vice-President, Finance and Chief Financial Officer	Vice President Finance and Chief Financial Officer of the Corporation (and its predecessor) since 2004; Chief Financial Officer of Marret Resource Corp. since 2008 (and, since December 2010, also Secretary of Marret Resource Corp.).	N/A	8,191,651

## Notes:

- (1) The information as to Common Shares beneficially owned and controlled, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers individually.
- (2) Member of the Audit Committee.
- (3) Member of the Human Resources and Compensation Committee.

As a group, the directors and executive officers of the Corporation beneficially own, or control or direct, directly or indirectly, 22,942,866 Common Shares, representing approximately 24.9% of the issued and outstanding Common Shares as of the date of this AIF.

## **Terms of Directors and Executive Officers**

The Corporation's directors will hold office for a term expiring at the conclusion of the next annual meeting of shareholders of the Corporation, or until their successors are elected or appointed pursuant to the ABCA, and such directors will be eligible for re-election. The Corporation's executive officers are appointed by and serve at the discretion of the board of directors.

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

### ***Cease Trade Orders***

To the knowledge of the Corporation, except as described below, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; 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.

### ***Bankruptcies***

To the knowledge of the Corporation, except as set forth above, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### ***Penalties or Sanctions***

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) 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 (b) any other 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.

### ***Conflicts of Interest***

Certain of the directors and officers of the Corporation are engaged in, and may continue to be engaged in, other activities in the technology industry from time to time. As a result of these and other activities, certain directors and officers of the Corporation may; become subject to conflicts of interest from time to time. The ABCA provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall

refrain from voting to approve such contract or transaction, unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

As of the date hereof, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation or a subsidiary of the Corporation and any director or officer of the Corporation or of any subsidiary of the Corporation.

### **Biographical Information**

Brief biographies of the senior management of the Corporation are set forth below:

#### **William (Bill) Middleton - President, Chief Executive Officer, Chief Legal Officer and a Director**

Mr. Middleton was formerly a senior officer at WiLAN Inc., a leading public Canadian technology innovation and licensing company, joining in 2006 as Vice-President, Licensing & General Counsel and was later appointed as a Senior Vice-President. Mr. Middleton has continued to act as a consultant to WiLAN Inc. since departing in August 2011 and has been actively leading other patent licensing programs for his American clients. He was also General Counsel of MOSAID Technologies Inc., another successful Canadian technology and licensing company. Mr. Middleton has extensive experience practicing litigation and technology law in two major national Canadian law firms. Mr. Middleton is currently a member of the Licensing Executives Society, the American Intellectual Property Law Association, the Intellectual Property Owners Association and of the Law Society of Upper Canada.

#### **Keith Bohn – Chief Operating Officer**

In addition to being the Chief Operating officer the Corporation, Mr. Bohn is President and a Director of two technology based companies being Locations Systems Solutions Inc. and Solutions-on-Trak Inc. Mr. Bohn has been on the board of a number of companies including West Mountain Capital Corp. a start-up junior capital company which successfully completed a qualifying transaction in the environmental and clean energy business.

Mr. Bohn has over 25 years management and transaction experience, mainly in the oil and gas sector. He was Senior Vice President for Seminole Canada Gas Company (2002-2004) and PG&E Energy Trading Canada (1995-2002) where he was responsible for the commercial business of the company including trading operations and business development. Before joining PG&E Energy Trading in 1995, he held several positions with Gulf Canada Resources Limited from 1982- 1995 including Gas Marketing Team Leader, International Business Development and Negotiations and engineering functions in Reservoir, Joint Interest and Production Engineering. Mr. Bohn holds a B.E. from the University of Saskatchewan.

#### **Dave Guebert – Vice-President, Finance and Chief Financial Officer**

In addition to being the Vice-President, Finance and Chief Financial Officer of the Corporation, Mr. Guebert is also currently the Chief Financial Officer of Marret Resource Corp., an investment company listed on the TSX and the Chief Financial Officer of Sereno Capital Corporation, a Capital Pool Company. He also serves as a director of two publicly traded biotech companies, Merus Labs International Inc. and Botaneco Inc. Mr. Guebert has 30 years of experience in financial, accounting and commercial roles in companies in Calgary. Prior to joining the Corporation, he was Chief Financial Officer at Seminole Canada, a merchant energy company. In addition, Mr. Guebert has held senior financial positions as Senior Manager at Deloitte & Touche, Controller of the XV Olympic Winter Games Organizing Committee and Chief Financial Officer at Hughes Aircraft of Canada. He is a Chartered Accountant (Alberta), a Certified Public Accountant (Pennsylvania) and holds a B.Comm from the University of Saskatchewan.

## **AUDIT COMMITTEE DISCLOSURE**

### **Audit Committee Mandate and Terms of Reference**

The mandate and responsibilities of the audit committee of the Corporation (the "**Audit Committee**") of the Board of Directors is attached hereto as Schedule "A".

## Composition of the Audit Committee

The members of the Audit Committee are Messrs. Fortin (Chair), Henschel and Colvin. Other than Mr. Fortin, each of the members of the Audit Committee are considered to be "independent" of the Corporation and the members of the Audit Committee are considered financially literate for the purposes of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**"). Mr. Fortin is not considered "independent" for the purposes of NI 52-110 as Mr. Fortin is a partner for a law firm which provides legal services to the Corporation. A description of the relevant experience and education of each member of the Audit Committee is set forth below:

**Jeff Fortin.** Mr. Fortin is a senior tax practitioner at the law firm of Burnet, Duckworth & Palmer LLP. He has been with the firm since 2003. Prior to joining the firm Mr. Fortin was a tax partner with one of Canada's largest accounting firm for 7 years. Mr. Fortin's current practice includes structured finance, taxation of international operations, corporate reorganizations and acquisitions and divestitures. Mr. Fortin has instructed several tax courses for the Institute of Chartered Accountants of Alberta and the Canadian Petroleum Tax Society. Mr. Fortin is a Chartered Accountant (Alberta and B.C.) and Certified Public Accountant (Illinois) and attended the University of British Columbia and received his Bachelor of Applied Science in Chemical Engineering in 1984.

**Rob Henschel.** Mr. Henschel founded Wireless Consulting Inc. and Wireless Solutions International Inc. (WSI), privately-held systems integration and consulting companies specializing in delivering customized solutions to international technology companies and telecommunications carriers. With more than 20 years of high-tech industry experience, Mr. Henschel has held executive positions within a variety of technology companies. Mr. Henschel has lived and worked on projects throughout the U.S., Canada, South America, Europe, Middle East and the Caribbean. He also holds a Bachelor of Commerce degree from the University of Alberta. Mr. Henschel holds a Bachelor of Commerce (1986) from the University of Alberta and a Master of Business Administration (1992) from Queen's University and from the Institute for International Studies and Training, Fujinomiya, Japan

**James Colvin.** Mr. Colvin's background includes a career as an IP and technology commercialization lawyer, as well as a senior high technology executive, entrepreneur and investment banker with a proven track record in both strategy development and operational implementation. He holds an LL.B. (Hon) from the University of London (1996) and NCA Post LLB Studies at the Faculty of Law University of Victoria (1997) focused on Applied IP and Corporate Finance. He has advised numerous start-up and growth phase companies with his expertise in IP protection, corporate structure, technology licensing and commercialization, merger and acquisition activities and capital funding. Mr. Colvin also speaks frequently at a variety of industry conferences and seminars in Canada and the U.S.

## Audit Committee Oversight

At no time since the commencement of the most recently completed financial year of the Corporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the directors of the Corporation.

## External Auditor Service Fees (By Category)

The aggregate fees billed by KPMG LLP, the external auditor of the Corporation, in each of the last two years ended December 31 are as follows:

Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2012	\$45,000	Nil	Nil	Nil
December 31, 2011	\$64,000	\$22,000	Nil	Nil

Notes:

- (1) Represents fees billed by the Corporation's external auditor for audit fees.
- (2) Represents aggregated fees billed for assurance and related services by the Corporation's external auditor that are reasonable related to the performance of the audit or review of the Corporation's financial statements and are not reported under "Audit Fees".

- (3) Represents aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning.
- (4) Represents aggregate fees billed for products and services provided by the Corporation's external auditor, other than the services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

### **Exemption**

As the Corporation is listed on the TSXV, it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 and is relying on such exemptions.

## **RISK FACTORS**

An investment in Common Shares is subject to certain risks. Readers should carefully consider the risk set forth below and elsewhere in this AIF.

### **Market Uncertainty**

There can be no assurances that the commercial applications and markets for location based data contemplated by the Corporation, including its new Beacon 7 and its telemetry technology, will develop as the Corporation has anticipated. If the various markets in which the Corporation's products and services compete fail to develop and grow, or grow more slowly than the Corporation currently anticipates, or if the Corporation is unable to establish markets for its products and services, the Corporation's business, operating results and financial condition will be materially adversely affected.

### **Additional Financing Risks**

The Corporation will require significant additional capital to implement fully its business plan. There can be no assurance that, if, as and when the Corporation seeks additional equity or debt financing, the Corporation will be able to obtain the additional financial resources required on satisfactory commercial terms or at all. In addition, business and economic conditions may make it not feasible or desirable to cause an exercise of the rights at every opportunity. If additional financing is raised by the issuance of Common Shares from treasury of the Corporation, control of the Corporation may change and shareholders will suffer additional dilution.

### **Unproven Products**

The Corporation depends on designing and developing new products that have not been commercially tested to achieve much of its future growth, including its Beacon 7 and its telemetry technology. The Corporation's ability to design and develop these products depends on a number of factors, including, but not limited to its ability to attract and retain skilled technical employees, the availability of critical components from third parties, its ability to successfully complete the development of products in a timely manner and the ability to manufacture or have manufactured products at an acceptable price and quality.

A failure by the Corporation or its suppliers in any of these areas, or failure of these products to obtain commercial acceptance, could mean that the Corporation is unable to recover its research and development expenditures.

### **Rapid Technological Change**

The wireless location industry is subject to rapid technological change, and the location-based industry is expected also to be subject to rapid technological change. To remain competitive the Corporation must be able to keep pace with the technological developments in these industries and change its product lines to meet new demands. The Corporation will depend on designing and developing new products that have not been commercially tested to achieve much of its future growth. There can be no assurance that the Corporation will be able to keep pace with the technological developments in these industries or to implement or change its product lines to meet new demands. Competitors with greater resources may develop products and/or technologies superior to or more cost effective than those marketed by the Corporation. The Corporation, like other entities involved in a rapidly evolving new industry

and in the development and application of new technologies, faces the risk that its processes, products, systems and services may not prove to be commercially successful or may be rendered obsolete by further scientific and technological developments.

### **Revenue Concentration**

In fiscal 2012, revenue from the Corporation's ongoing licensing arrangement (including related administration support and professional services) with X3 accounted for substantially all of the Corporation's revenue. Further to this, the Corporation has had difficulties collecting amounts due from X3. As such, without additional and new sources of revenue, the loss of the revenue streams from X3 (including the ability of the Corporation to collect amounts due from X3) could have a material adverse impact on the Corporation's future revenues, earnings, financial positions, cash flows and its ability to continue as a going concern.

### **Competition**

The wireless location market is an emerging and increasingly competitive field, with competitors offering both network and handset-based location solutions. Many companies are engaged in the technological development of product lines which may presently or in the future compete with those of the Corporation. Some of the more prominent competitors have considerably greater resources than the Corporation, have been in existence for several years and have tested their products with various wireless carriers and/or have signed strategic alliances with telecom equipment manufacturers.

There can be no assurance that one or more of the Corporation's current competitors or new competitors will not develop and market products which are technologically superior to, or more cost effective than, those which may be marketed by the Corporation or market their products more successfully than the Corporation.

The Corporation intends to acquire further patents which it believes can be asserted to the Corporation's advantage. Other companies may have similar interests, and the market for such assets may become more competitive, thus reducing the opportunity for the Corporation to enjoy superior returns from this avenue for growth.

### **Limited History of Earnings and Going Concern Risk**

The Corporation has a limited history of earnings, having generated only \$153,000 in revenues during fiscal 2012, and there can be no assurance that the Corporation will be able to secure sufficient revenues to achieve and sustain profitability, whether in the near future or at all. The Corporation does not anticipate paying cash dividends in the foreseeable future. The Corporation has incurred significant losses and, as at the year ended December 31, 2012 and had an accumulated deficit of \$31,248. While the funding obtained through financing activities in 2012 has improved the Corporation's working capital position, the Corporation is still dependent on collecting funds due from licensees or obtaining sufficient additional financing in the immediate term to fund its operations and business plans. This uncertainty may cast doubt as to the ability of the Corporation to continue as a going concern.

The Corporation's ability to continue ongoing operations is dependent upon obtaining financing to expand its intellectual property portfolio, generating new sources of revenues from its licensing operations, develop new technologies and develop and commercialize its services and products to the point that it achieves profitable operations and positive cash flow on a commercial scale. The Corporation's ability to generate net income and positive cash flow in the future is dependent upon various factors, including: (i) the commercial applications of the Corporation's intellectual properties and the ability of the Corporation to monetize the same; (ii) the level of market acceptance of its services; (iii) the degree of competition encountered by the Corporation; (iv) the cost of acquiring new customers, licensees, and the acquisition of other third party intellectual property rights; (v) the ability to manage growth; (vi) the recruitment and retention of key personnel; (vii) the ability to obtain and manage third party suppliers; (viii) the ability to fund continued operations; and (ix) general economic conditions.

## **Patent and Intellectual Property Matters**

The success and ability of the Corporation to compete depends, to a significant extent, on its proprietary technology and its ability to prevent others from copying the innovations that are central to the Corporation's existing and future products and services. The Corporation currently relies on copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions and patents to protect its proprietary technology. The Corporation may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This kind of litigation can be time-consuming and expensive, regardless of whether or not the Corporation is successful. The process of seeking patent protection can itself be long and expensive, and the Corporation cannot be certain that any currently pending or future applications will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Corporation. Furthermore, others may develop technologies that are similar or superior to the Corporation's technology or design around the patents owned by the Corporation.

Despite its efforts, the intellectual property rights, particularly existing or future patents, of the Corporation may be invalidated, circumvented, challenged, infringed or required to be licensed to others. The Corporation cannot be sure that the steps it takes to protect its technology will prevent misappropriation or infringement.

All patents have a limited life and will generally expire twenty years after the date on which the application for the patent was filed. In order to be successful in the long term, the Corporation will have to continue to acquire or develop additional patents or acquire rights to license new patents, however, there can be no assurance that the Corporation will be able to do so. If the Corporation fails to acquire or develop additional patents or to acquire rights to license new patents, the Corporation's business, operational results and financial condition may be materially adversely affected.

There can be no certainty as to the validity and/or enforceability of any particular patent and, even if any such patent is valid and enforceable, whether any specific third party infringes any such patent. Furthermore, even if any specific patent of the Corporation is valid, enforceable and infringed by a specific third party, there can be no certainty as to whether the Corporation will be able to successfully license any such patent to that third party at all or on terms favourable to the Corporation, or successfully litigate against that third party.

## **Litigation and Enforcement Risks**

As the Corporation continues to pursue a strategy of licensing its intellectual property, it may be required to commence court actions against certain companies it considers to be infringing on certain of its patents, or may be forced to defend the validity of certain of its patents against challenges from other third parties. Challenges to the Corporation's patents may involve complex factual and legal issues that may give rise to uncertainty as to the applicability, validity, scope and enforceability of a particular patent. Litigation can be costly and time consuming, outcomes are uncertain and involvement in intellectual property litigation could result in significant expense adversely affecting the licensing of the challenged patents and diverting management's efforts, whether or not such litigation is ultimately resolved in the Corporation's favour. Any failure by a court to confirm the applicability, enforceability and validity of the Corporation's patents could materially adversely affect the Corporation. Prolonged litigation could also delay the receipt of licensing revenues by the Corporation and deplete the Corporation's financial resources. It is difficult to predict the outcome of patent litigation at the trial level, in part because juries may find complex patented technologies difficult to understand and, consequently, there is a higher rate of successful appeals in patent enforcement litigation than in other commercial litigation. As such, there can be no assurance that any of the Corporation's patents will be determined to be infringed by any party or will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others.

The Corporation's future growth and profitability depends, in part, on its ability to generate value from the Corporation's patent portfolio. Unfavourable rulings in litigations between the Corporation and its existing or prospective licensees could damage its ability to generate future revenues and profits from its intellectual property. Further risks include changes in laws that would limit the rights of patent holders, as well as legal rulings and/or

regulatory investigations or complaints having an adverse impact on the validity, enforceability, potential royalty rates, and strength or breadth of coverage of the Corporation's patents.

### **Risk of Third Party Claims for Infringement**

The industry in which the Corporation competes has many participants who own, or claim to own, intellectual property. From time to time, a third party may claim that the Corporation has infringed such third party's rights or may challenge the Corporation's right to own its own intellectual property. In such event, the Corporation will undertake a careful review to determine what, if any, actions the Corporation should take with respect to such claim. Any claim, whether or not with merit, could be time-consuming to evaluate, result in costly litigation, cause product shipment delays or stoppages or require the Corporation to enter into licensing agreements that may require the payment of a license fee and/or royalties to the owner of the intellectual property. Such licensing agreements, if required, may not be available on royalty or other licensing terms acceptable to the Corporation.

### **Government Regulation**

Wireless communication is governed by government regulation in many jurisdictions, including Brazil. The wireless location technology which the Corporation plans to license is an emerging technology, and the application of existing, proposed or future regulation to the Corporation's services cannot be reliably determined at this stage of development. New regulations, changes to existing or proposed regulations or unexpected application or interpretation of existing regulations, including privacy issues, among others, could have a materially adverse effect on the Corporation, its business and its future growth.

### **Reliance on Suppliers and Other Third Parties**

The Corporation currently purchases certain materials and electronic components used in the manufacture of its products from limited sources. The Corporation does not have any long term manufacturing contracts with the suppliers that manufacture and/or assemble these product components. The Corporation depends on these sources to meet its needs. Moreover, the Corporation depends on the quality and reliability of the products supplied to it, over which the Corporation has little control. The Corporation's reliance on third party manufacturers and suppliers without manufacturing contracts subjects it to a number of risks, including, but not limited to the absence of guaranteed manufacturing capacity, reduced control over delivery schedules, product quality, production yields and costs, the inability to control the amount of time and resources devoted to the manufacture of its products and uncertainty with respect to the parties' rights and/or obligations. If the Corporation cannot install or supply its products due to a lack of materials or components, its business will be significantly harmed. Lead times for materials and components vary significantly and depend on factors such as specific supplier requirements, contract terms and current market demand for particular components. If the Corporation overestimates its component requirements, it may have excess inventory, which would increase its costs. If the Corporation underestimates its component requirements, it may have inadequate inventory, which could interrupt its manufacture of its products.

### **Stock Price Volatility**

Stock markets have experienced significant price and volume fluctuations and the market prices of securities of technology companies, particularly telecommunications, network integration, information technology and Internet-related companies, have been highly volatile. In the past, following periods of volatility in the market price of some companies' securities, securities litigation has been instituted against such companies. The institution of this type of litigation against the Corporation could result in substantial costs and a diversion of management's attention and resources, which could harm the Corporation's business and prospects.

### **Management of Growth**

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

### **Conflicts of Interest**

Certain directors of the Corporation are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "*Directors and Officers – Conflicts of Interest*".

### **Reliance on Key Personnel**

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation does not have any key person insurance in effect for the Corporation. The contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the technology industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings that the Corporation is or was a party to, or that any of the Corporation's property is or was the subject of, since January 1, 2012, that were or are material to the Corporation, and there are no such material legal proceedings that the Corporation knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Corporation if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Corporation's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Corporation has included the amount involved in the other proceedings in computing the percentage.

There were no: (i) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a security regulatory authority within the three years immediately preceding the date of this AIF; (ii) other penalties or sanctions imposed by a court or regulatory body against the Corporation that the Corporation believes must be disclosed for this AIF to contain full, true and plain disclosure of all material facts relating to the Common Shares; or (iii) settlement agreements the Corporation entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than disclosed elsewhere herein, there were no material interests, direct or indirect, of any director or executive officer of the Corporation, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of any of such persons or companies, in any transaction within the three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Corporation.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business or as otherwise disclosed herein, there have been no material contracts entered into by the Corporation within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

**AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are KPMG LLP, Chartered Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular for the Corporation's most recent annual meeting of security holders that involved the election of directors. Additional financial information is contained in the Corporation's consolidated financial statements and the related management's discussion and analysis for the Corporation's most recently completed financial year, which may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "A" TO THE  
ANNUAL INFORMATION FORM  
OF TIMES THREE WIRELESS INC.**

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**TIMES THREE WIRELESS INC.  
MANDATE AND RESPONSIBILITIES OF  
THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**ROLE AND MEMBERSHIP**

1. The Audit Committee (the "**Committee**") shall be a committee to the Board of Directors of Times Three Wireless Inc. ("**Times Three**" or the "**Company**").
2. The Committee shall consist of not fewer than three (3) such directors, one of whom shall be the Chairman of the Committee. A majority of the members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 – "Audit Committees") who are outside directors, independent of management and free of any relationship which would interfere or appear to interfere with the exercise of independent judgment as Committee members. For clarity, each member of the Committee may not, other than in its capacity as a member of the Committee, the Board or any other Board committee, accept any consulting, advisory or other compensatory fee from Times Three, and may not be an affiliated person of Times Three or any subsidiary thereof, unless otherwise approved by a majority of the Board of Directors. Each member shall be financially literate, as defined in Multilateral Instrument 52-110, being able to read and understand financial statements that present a level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements.
3. One member shall have past employment in finance, accounting or any other comparable experience or background providing financial expertise. The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which Times Three lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.
4. The Chairman of the Committee and its members shall be elected annually by the Board of Directors following recommendation of the Governance Committee and the Chairman of the Board.
5. A majority of members of the Committee shall constitute a quorum.

**AUTHORITY**

6. The Committee has the authority to:
  - (a) Engage independent counsel and other advisors as it determines necessary to carry out its responsibilities.
  - (b) Set and pay the compensation for any advisors employed by the Committee.
  - (c) Communicate directly with the external and internal auditors.
  - (d) Communicate directly with the management and staff as and when the Committee deems appropriate.
  - (e) Determine or direct the training and or professional development of Committee members.

- (f) To conduct or authorize investigations into any matters within the scope of the Committee's responsibilities, with full access to all books, records, facilities and personnel of Times Three, its auditors and its legal advisors.

## **MANDATE AND RESPONSIBILITIES**

- 7. The Committee will work closely and cooperatively with such officers and employees of Times Three, its auditors, and/or other appropriate advisors and with access to such information as the Committee considers being necessary or advisable in order to perform its duties and responsibilities, as assigned by the Board of Directors, in the following areas:

### ***Review of Audited Financial Statements***

- 8. Review the annual audited financial statements, MD&A, earnings press releases and, as applicable, the text of any proposed conference calls where financial information will be discussed, in each case before public disclosure of this information and make specific recommendations to the Board of Directors. As part of this process the Committee should:
  - (a) Review the content of the MD&A in the context of prevailing and proposed legislation.
  - (b) Review the appropriateness of any changes to the underlying accounting principles and practices.
  - (c) Review the appropriateness of estimates, judgments of choice and level of conservatism of accounting principles.
  - (d) Review business risks, uncertainties, commitments and contingent liabilities.
  - (e) Be satisfied that adequate procedures are in place for the review of Times Three's disclosure of financial information extracted or derived from the Company's financial statements.

### ***Engagement of External Auditors***

- 9. The Committee shall recommend to the Board of Directors the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest functions. The external auditors shall report directly to the Committee.
- 10. The Committee shall review and approve the engagement letter. As part of this review the Committee reviews and recommends to the Board of Directors for their approval the auditor's fees for the annual audit. The Committee is responsible for the oversight of the work of the Company's auditor for the purpose of preparing or issuing an audit report or related work, and the auditor shall report directly to the Committee.
- 11. The Committee shall receive of a written statement not less than annually from the external auditor describing in detail all relationships between the auditor and Times Three that may impact the objectivity and independence of the auditor. The Committee shall review annually with the Board of Directors the independence of the external auditors and either confirms to the Board of Directors that the external auditors are independent or recommend that the Board of Directors take appropriate action to satisfy itself of the external auditor's independence.
- 12. The Committee will take reasonable steps to confirm the independence of the independent auditor, which shall include:
  - (a) ensuring receipt from the independent auditor of the written statement referred to above; and

- (b) considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor.

13. The Committee shall review and pre-approve all non-audit services to be provided to Times Three by its external auditors.

*Review and Discussion with External Auditors*

14. The Committee shall review with the external auditors and management the annual external audit plans which would include objectives, scope, timing, materiality level and fee estimate.

15. The Committee shall request and review an annual report prepared by the external auditors of any significant recommendations to improve internal control and corresponding management responses.

16. The Committee shall make specific inquiry of the external auditors relating to:

- (a) Performance of management involved in the preparation of financial statements.
- (b) Any restrictions on the scope of audit work.
- (c) The level of cooperation received in the performance audit.
- (d) The effectiveness of the work of internal audit.
- (e) Any unresolved material differences of opinion or disputes between management and the external auditors.
- (f) Any transactions or activities which may be illegal or unethical.
- (g) Independence of the external auditor including the nature and fees of non-audit services performed by external audit firms and its affiliates.

17. The Committee shall resolve disagreements between management and the external auditors regarding financial reporting.

*Review and Discussion with Management*

18. The Committee shall review and assess the adequacy and quality of organization and staffing for accounting and financial responsibilities.

19. The Committee shall review with management the annual performance of external and internal audit.

*Review of Other Documents*

20. The Committee shall ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board of Directors. Such documents would include, but not be limited to, interim financial statements, and the Annual Information Form. In certain cases which involve severe timing considerations such as the Management's Discussion and Analysis contained in the annual report to shareholders, the Committee may designate the responsibility for review to any two members of the Committee. The Committee shall review and monitor practices and procedures adopted by the Company to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board of Directors.

21. The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the company and its subsidiaries, or in their application, and in financial disclosure presentation.
22. The Committee shall prepare or review such reports as may be required by any applicable securities regulatory authority to be included in the Company's Information Circular or any other disclosure document of the Company.

*Other Responsibilities*

23. The Board may from time to time refer to the Committee such matters relating to the financial affairs of the Company as the Board may deem appropriate.
24. The Committee must review and approve Times Three's hiring policies regarding employees and former employees of the present and former auditors of the Company.

*Meetings*

25. The Committee shall meet at such times as deemed necessary by the Board of Directors or the Committee.

*Handling of Complaints*

26. The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. These procedures for the receipt, retention and treatment of complaints shall be set out in a separate "whistleblower" policy.

*Annual Review*

27. The Committee shall review and assess the adequacy of its mandate annually, report to the Board of Directors thereon, and recommend any proposed changes to the Board of Directors for approval. The Committee shall also perform an annual evaluation of the performance of the Committee, and shall report the results of the evaluation to the Chairman of the Governance Committee of Times Three's Board of Directors.