



INFORMATION CIRCULAR

for the

ANNUAL GENERAL AND SPECIAL MEETING

of

VERSATILE SYSTEMS INC.

to be held on

Thursday, November 17, 2011

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

Notice is hereby given that the Annual General and Special Meeting (the "Meeting") of the shareholders of Versatile Systems Inc. (the "Company") will be held on Thursday, November 17, 2011 in the Board Room at Fasken Martineau DuMoulin LLP located at 2900 – 550 Burrard Street, Vancouver, British Columbia, Canada at the hour of 10:00 A.M. (local time in Vancouver, B.C.) for the following purposes:

1. To receive the audited financial statements of the Company for its fiscal year ended June 30, 2011;
2. To set the number of directors for the ensuing year at six;
3. To elect six directors for the ensuing year;
4. To appoint Deloitte & Touche LLP as the Company's auditor for the ensuing fiscal year;
5. To re-approve the Company's 2009 Stock Option Plan; and
6. To authorize the Company to apply to the London Stock Exchange for cancellation of admission of the Company's Common shares on the AIM market of the London Stock Exchange, as more specifically set out in the Information Circular.

Accompanying this Notice is an Information Circular, a form of Proxy or Voting Instruction Form ("VIF"), a financial statement request form and the audited financial statements and the auditor's report thereon and Management's Discussion and Analysis ("MD&A") for the year ended June 30, 2011.

If you are unable to attend the Meeting in person, you should read the notes to the enclosed Proxy or VIF and complete and return the Proxy or VIF to the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., within the time required by, and to the location set out in the notes to the Proxy or VIF. If you are able to attend the Meeting, and are a registered shareholder, sending your Proxy will not prevent you from voting in person.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The enclosed Proxy is solicited by management of the Company and you may amend it, if you wish, by inserting in the space provided the name of the person you wish to represent you as proxyholder at the Meeting and initialling or signing beside such change.

PLEASE ENSURE THAT YOU COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED FORM OF PROXY OR VIF IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. To be effective, Proxies or VIFs must be deposited with the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting.

DATED at Vancouver, British Columbia, as of the 17th day of October, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS
OF VERSATILE SYSTEMS INC.**

“John Hardy”

John Hardy, Chairman of the Board and Chief
Executive Officer

INFORMATION CIRCULAR

Versatile Systems Inc.
Suite 910 – 355 Burrard Street
Vancouver, British Columbia V6C 2G8

(all information as at October 17, 2011 unless otherwise noted)

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies being made by the management of Versatile Systems Inc. (the "Company") for use at the Annual General and Special Meeting of the Company's shareholders (the "Meeting") to be held on Thursday, November 17, 2011 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers, employees and agents of the Company. All costs of this solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are directors or officers of the Company. A shareholder wishing to appoint some other person (who need not be a shareholder) to attend and act for the shareholder and on the shareholder's behalf at the Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of proxy and initialling or signing beside such change, or by completing another form of proxy. A proxy will not be valid unless the completed, dated and signed form of proxy is delivered to Computershare Investor Services Inc. ("Computershare"), Proxy Dept., 100 University Avenue 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment(s) thereof. In addition, Computershare provides both telephone voting and internet voting as described on the form of proxy itself which contains complete instructions.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to Computershare or to the Company at Suite 910 – 355 Burrard Street, Vancouver, British Columbia V6C 2G8 at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, in sufficient time before the Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.**

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Many shareholders are "non-registered" shareholders because the Common shares of the Company they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Non-Registered Holders - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners).

The Company has decided to take advantage of those provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) that permit it to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (VIF) together with the Notice of Meeting, this Information Circular and related documents from our transfer agent, Computershare. These VIFs must be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. In that regard, Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common shares represented by the VIFs they receive. **NOBOs should carefully follow the instructions of Computershare, including those regarding when and where the completed VIFs are to be returned to Computershare.** Should a NOBO wish to vote at the Meeting in person, the NOBO must request a form of legal proxy from Computershare that will grant the NOBO the right to attend the Meeting and vote in person.

NOBOs that wish to change their vote must, in sufficient time in advance of the Meeting, contact Computershare to arrange to change their vote.

In accordance with the requirements of NI 54-101, we have distributed copies of the Notice of Meeting, this Management Information Circular, the form of proxy and related documents (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to OBOs. With those Meeting Materials, Intermediaries or their service companies should provide OBOs of Common shares with a “request for voting instruction form” which, when properly completed and signed by such OBO and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs of Common shares to direct the voting of the Common shares that they beneficially own. Should an OBO of Common shares wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary and request a form of legal proxy which will grant the OBO the right to attend the Meeting and vote in person. **OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

OBOs of Common shares who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.

VOTING OF PROXIES AND EXERCISE OF DISCRETION

A shareholder may indicate the manner in which the persons named in the accompanying form of proxy or VIF are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy or VIF are certain, the shares represented by the proxy or VIF will be voted or withheld from voting in accordance with the instructions given on any ballot that may be called for. **If no choice is specified in the proxy or VIF with respect to a matter to be acted upon, the accompanying proxy or VIF confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy or VIF. The Company expects that the proxyholder named by management in the accompanying form of proxy or VIF will vote the shares represented by the proxy or VIF in favour of each matter identified in the proxy or VIF.**

The enclosed form of proxy or VIF, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter that may be presented to the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share structure of the Company consists of an unlimited number of Common shares without nominal or par value. As at the date hereof, the Company has issued and outstanding 157,285,643 fully paid and non-assessable Common shares without par value, each share carrying the right to one vote. **The Company has no other classes of voting securities.**

Any shareholder of record at the close of business on October 17, 2011 who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above; shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

As of the date hereof, to the best of the knowledge of the directors and officers of the Corporation, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than ten percent of the voting rights attached to all outstanding shares of the Corporation on a non-diluted basis are:

Name of Shareholder	Number of Shares	Percentage of Outstanding Voting Rights
Alessandro Benedetti	29,092,500	18.5%
Bertrand des Pallieres	30,777,500 ⁽⁵⁾	19.6%

(1) Mr. Des Pallieres holds 11,277,500 shares directly and 19,500,000 shares are held by Landsdowne Capital S.A.

NUMBER OF DIRECTORS

Pursuant to the Articles of the Company, the number of Directors of the Company for the ensuing year is determined by ordinary resolution of the shareholders. Management of the Company is seeking shareholder approval of an ordinary resolution determining the number of directors at six for the ensuing year.

ELECTION OF DIRECTORS

The term of office of each of the present directors expires at the Meeting. **The persons named below will be presented for election at the Meeting as management's nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Except as noted under "Voting of Proxies and Exercise of Discretion", proxies received in favour of management designees will be voted for these nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the Articles of the Company and its governing legislation, serve until the close of the next annual meeting of shareholders or until their successors are duly elected or appointed.

No class of shareholders has the right to elect a specified number of directors or to cumulate their votes with respect to the election of directors.

The following table sets out the names of management's nominees for election as directors, the province or state and country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupation, business or employment, the period of time for which each has been a director of the Company, and the

number of common shares of the Company or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Province or State, Country of Residence and Position(s) with Company⁽¹⁾	Principal Occupation, Business or Employment⁽¹⁾	Date(s) Served as a Director	Common Shares Held⁽¹⁾
John Hardy⁽²⁾ British Columbia, Canada <i>Chairman, Chief Executive Officer and Director</i>	Chairman of the Company since December 1996; CEO of the Company since January 1997; CEO of Equus Total Return, Inc. since June 2011; Executive Chairman of Equus from June 2010 to May 2011; President of the Company from January 1997 to May 2000 and May 2001 to October 2002.	Since October 1996	4,036,890
Alessandro Benedetti Lugano, Switzerland <i>Director</i>	CEO of SAE Capital Ltd. since January 2007; Executive Chairman of Equus Total Return, Inc. since June 2011; CEO of SAE Capital SPA from 2004 to 2007; CEO of M. Finance SA from 2000 to 2001.	Since November 2008	29,092,500
Malcolm F. Clay⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada <i>Director</i>	Independent businessman and corporate director since 2002. Prior to October 2002, Mr. Clay was an audit partner at KPMG LLP and predecessor firms for over 25 years. Mr. Clay was the Partner-in-charge of the Assurance Practice of KPMG in Vancouver for eight years and was for three years a Director and Chairman of the Board of KPMG Canada LLP.	Since April 2003	508,166
Fraser Atkinson British Columbia, Canada <i>CFO, Corporate Secretary and Director</i>	CFO of the Company since February 2003, Corporate Secretary of the Company since October 2003 and Director since November 2003. Mr. Atkinson has had a diverse involvement in both the technology and financial sectors as a partner at KPMG, LLP for over 14 years, having left there in September 2002.	Since November 2003	4,158,500
Kais Laouiti⁽²⁾ Tunis, Tunisia <i>Director</i>	Managing director of NewInvest from 2008 to the present. Investment advisor for Beechrock Holdings Limited from 2006 to 2008. Partner and CEO of Gulf Merchant Group LLP, a fund based in London, from 2005 to 2006. From 2004 to 2005 was an investment manager and advisor for Hottinger & Co. Ltd; from 2002 to 2004 was an investment advisor for Beechrock Holdings Limited and from 1999 to 2002 was the Chief Investment Officer of KAMO Investments Ltd.	Since December 2006	3,200,500 ⁽⁵⁾
Bertrand des Pallieres⁽³⁾ Rome, Italy <i>Director</i>	CEO of Cadogan Petroleum plc since August 2011; CEO of SPQR Capital LLP since May 2007; Global Head of Principal Finance and member of the Global Market Leadership Group of Deutsch Bank from 2005 to 2007; From 1992 to 2005 he held various positions at JP Morgan including Global Head of Structured Credit, European Head of Derivatives Structuring and Marketing and Co-head of sales for Europe Middle East and Africa.	Since December 2008	30,777,500 ⁽⁶⁾

- (1) The information as to country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Members of the Company's Audit Committee.
- (3) Members of the Company's Compensation Committee
- (4) Mr. Clay is the chair of the Company's Audit Committee and the Compensation Committee.
- (5) Mr. Laouiti holds 100,000 shares directly and 3,100,500 shares are held in a fund that is under his direction.
- (6) Mr. Des Pallieres holds 11,277,500 shares directly and 19,500,000 shares are held by Landsdowne Capital S.A.

Corporate Cease Trade Orders or Bankruptcies

During the ten years preceding the date of this Information Circular, no proposed director of the Company has, to the knowledge of the Company, been a director, chief executive officer or chief financial officer of another issuer which, while such individual was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or
- (c) 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 the assets of that person.

Individual Bankruptcies

During the ten years preceding the date of this Information Circular, no proposed director of the Company has, to the knowledge of the Company, 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 that individual.

Penalties and Sanctions

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable securityholder in deciding to vote for a proposed director.

APPOINTMENT OF AUDITOR

Shareholders will be asked to approve the re-appointment of Deloitte & Touche LLP, Chartered Accountants, as the auditor of the Company to hold office until the next annual general meeting of the shareholders. The auditor was first appointed on December 15, 2008.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Board of Directors of the Company (the “**Board**” or the “**Board of Directors**”) and the Compensation Committee oversee the Company’s compensation arrangements, including the administration of its stock option plan. The Board, in consultation with the Compensation Committee, meets at least once a year to review compensation policies relating to the Company and its subsidiaries and to approve specific compensation awards and benefits. The Board monitors levels of executive remuneration to ensure overall compensation reflects the Company’s objectives and philosophies and meets the Company’s desired relative compensation position. The key components comprising the Company’s executive officer compensation are base salary and annual bonus (short-term incentives) and participation in the Company’s stock option plan (long-term incentives). The Company has established these components for its executive compensation package because it believes that a competitive base salary and opportunity for annual cash bonuses are required to retain key executives and participation in the Company’s stock option plan enables the Company’s executive officers to participate in the long-term success of the Company and aligns their interests with those of the Company’s shareholders.

Base Salary

The base salary of the Company’s Chief Executive Officer is set by the Board, in consultation with the Compensation Committee. The Chief Executive Officer who is also a director of the Company abstains from voting on any proposed salary arrangements. Base salaries of the Company’s executive officers are determined through the annual assessment of each individual’s performance and other factors the Board considers to be relevant, including prevailing industry demand for personnel having comparable skills and performing similar duties, and the Company’s ability to pay.

Annual Performance Bonus

Annual bonuses may be awarded at the discretion of the Board, in consultation with the Compensation Committee, for individual achievements, contributions or efforts that the Board has determined can reasonably be expected to have a positive impact on the value of the Company to shareholders. Executive officers who are also directors of the Company abstain from voting on their proposed bonuses, if any.

The decision to award bonuses is primarily based on defined performance criteria, which included achieving revenue, EBITDA or pre-tax earnings targets for specific elements of the business. For the Company’s most recently completed financial year, the Company’s executive officers were eligible to earn cash bonuses ranging from Nil to up to 30% of their respective base salaries.

Stock Options

The Company provides long-term incentives to its executive officers by way of stock option grants. Stock options are granted to reward individuals for current performance, expected future performance and to align the long-term interest of the Company’s executive officers with those of the Company’s shareholders. The Company’s stock option plan (summarized under the heading “*Incentive Plan Awards – Stock Option Plan*” below) is designed to give to directors, officers, employees and consultants of the Company, as additional compensation, the opportunity to participate in the profitability of the Company by granting to such individuals options to buy shares of the Company. The stock option plan also enables the Company to attract and retain individuals with experience and ability, and to reward such individuals for current performance and expected future performance. The Board, in consultation with the Compensation Committee, considers the amount and terms of previously granted stock options when reviewing executive officer compensation packages as a whole and determining any new stock option grants. Executive officers who are also directors of the Company abstain from voting on their proposed stock option grants. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter.

The Board of Directors or the Compensation Committee determines the key employees and service providers to whom grants are to be made and determines the terms and conditions of the options forming part of such grants. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Company.

The number of stock options granted to executive officers for the Company's most recently completed financial year was based on the individual's performance and the number and exercise price of options previously issued to the individual.

The Black-Scholes method has been used to value stock options.

Other Long-term Incentives

The Company currently does not provide a pension plan to its executive officers, nor does it have any other long-term incentives.

Chief Executive Officer Compensation

The compensation of the Chief Executive Officer consists of an annual base salary and incentive stock options determined in the manner described in the above discussion of compensation for all executive officers. The Chief Executive Officer is also entitled to receive bonuses at the discretion of the Board, in consultation with the Compensation Committee.

The Chief Executive Officer participates in discussions or reviews relating to executive compensation for other executive officers, but does not participate in the discussions and reviews relating to his own compensation.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, to the following persons (collectively, the "Named Executive Officers" or "NEOs") for services provided during the Company's three most recently completed financial years that end on or after December 31, 2008:

- (a) the Chief Executive Officer ("CEO"),
- (b) the Chief Financial Officer ("CFO"),
- (c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers or acting in a similar capacity and whose total compensation, individually, was in excess of \$150,000 as at the end of the most recently completed financial year; and
- (d) each individual for whom disclosure would have been provided under (c) but for the fact that the individual was neither serving as an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

As at June 30, 2011, the end of the most recently completed fiscal year of the Company, the Company had five Named Executive Officers: John Hardy, Chairman, Chief Executive Officer and a director of the Company; Robert Joyce, President of the Company; Fraser Atkinson, Chief Financial Officer, Corporate Secretary and a director of the Company; Ian Jobson, Executive Vice President; and Oliver Poppenberg, Jr., Executive Vice President of Sales.

Name and Principal Position	Fiscal Year	Salary (CDN \$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation(\$)		Pension value (\$)	All other compensation (\$)	Total compensation (CDN \$)
					Annual incentive plans	Long-term incentive plans			
John Hardy <i>Chairman and Chief Executive Officer</i>	2011	\$197,500	Nil	\$87,317	Nil	Nil	Nil	Nil	\$284,817
	2010	\$300,000	Nil	Nil	Nil	Nil	Nil	Nil	\$300,000
	2009	\$300,000	Nil	\$42,075	Nil	Nil	Nil	Nil	\$342,075
Robert Joyce <i>President</i>	2011	\$252,348	Nil	\$16,500	Nil	Nil	Nil	Nil	\$268,848
	2010	\$265,999	Nil	Nil	Nil	Nil	Nil	Nil	\$265,999
	2009	\$293,391	Nil	\$5,625	Nil	Nil	Nil	Nil	\$299,016
Fraser Atkinson <i>Chief Financial Officer and Corporate Secretary</i>	2011	\$200,000	Nil	\$66,862	Nil	Nil	Nil	Nil	\$266,862
	2010	\$200,000	Nil	Nil	Nil	Nil	Nil	Nil	\$200,000
	2009	\$200,000	Nil	\$27,075	Nil	Nil	Nil	Nil	\$227,075
Oliver Poppenberg, Jr. <i>Executive Vice President of Sales</i>	2011	\$236,576	Nil	\$16,500	Nil	Nil	Nil	Nil	\$253,076
	2010	\$249,374	Nil	Nil	Nil	Nil	Nil	Nil	\$249,374
	2009	\$275,054	Nil	\$5,625	\$35,458	Nil	Nil	Nil	\$316,137
Andrew Lynch <i>Executive Vice President Mobile Solutions</i>	2011	\$199,019	Nil	\$6,600	\$75,441	Nil	Nil	Nil	\$281,060
	2010	\$111,138	Nil	Nil	\$81,673	Nil	Nil	Nil	\$192,811
	2009	\$279,867	Nil	\$5,625	Nil	Nil	Nil	Nil	\$285,492

Notes:

- (1) The fair value of each option is estimated as at the date of grant using the most widely accepted option pricing model, Black-Scholes. The weighted average option pricing assumptions and the resultant fair values are as follows: expected average option term of 1.11 years; a 0.00% dividend yield; an expected volatility of 74.8%; and, a risk-free interest rate of 3.0% yielding an option value of \$0.033 per share.

Incentive Plan Awards

Stock Option Plan

The Company's Stock Option Plan (the "Plan") was originally approved by shareholders on November 27, 2001. Amendments to the Plan was subsequently approved by shareholders on February 14, 2005, October 28, 2005, December 21, 2006, December 15, 2009 and November 16, 2010.

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company, to incent such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Common shares of the Company as long term investments. The Board or the Compensation Committee, shall, from time to time and in its sole discretion, determine those directors, officers, employees and consultants of the Company, if any, to whom options are to be awarded.

The Plan is a "rolling plan" and the maximum number of Common shares available for purchase pursuant to options granted pursuant to the Plan will not exceed 10% of the outstanding issued Common shares. Pursuant to the policies of the TSX Venture Exchange (the "TSX-V"), the Plan is subject to annual approval of the shareholders of the Company, as more particularly described below under "Particulars of Other Matters to be Acted Upon". If any option expires or otherwise terminates for any reason without having been exercised in full, the number of Common

shares in respect of such expired or terminated option shall again be available for the purposes of granting options pursuant to the Plan. The maximum number of Common shares which may be reserved for issuance pursuant to options that are intended to qualify as Incentive Stock Options (“ISO”) (as that term is defined in Section 422 of the United States Internal Revenue Code of 1986, as amended), is 6,000,000.

Pursuant to the Plan, in no case will an option holder be granted an option where the number of Common shares that may be purchased pursuant to that option exceed, when added to the number of Common shares reserved for issuance pursuant to options previously granted to the option holder, 5% of the number of Common shares that are outstanding (on a non-diluted basis) immediately prior to the time of grant, excluding Common shares issued pursuant to the Company’s other share compensation arrangements over the preceding one year period (the “**Outstanding Issue**”). Furthermore, the grant of options under the Plan is subject to certain restrictions which include the following:

- (a) the maximum number of Common shares which may be reserved for issuance to insiders pursuant to options under the Plan shall be 10% of the Outstanding Issue;
- (b) the maximum number of Common shares which may be issuable to insiders under the Plan within any 12 month period shall be 10% of the Outstanding Issue;
- (c) the maximum number of Common shares which may be issuable to any one insider under the Plan within any 12 month period shall be 5% of the Outstanding Issue;
- (d) the maximum number of Common shares which may be issuable to any one consultant within any 12 month period shall be 2% of the Outstanding Issue; and
- (e) the maximum number of Common shares which may be issuable to any employee or consultant conducting investor relations activities within any 12 month period shall be 2% of the Outstanding Issue, unless otherwise permitted by the TSX Venture Exchange.

Under the Plan, the grant date and the expiry date of an option shall be fixed by the Compensation Committee, provided that the expiry date shall be no later than the tenth anniversary of the grant date; and provided further that in no case shall an option that is intended to qualify as an ISO and that is granted to an option holder who, at the time of grant owns Common shares representing more than 10% of the voting power of all classes of voting securities of the Company or any subsidiary or parent of the Company, be exercisable later than the fifth anniversary of the grant date of the option.

The price at which an option holder may purchase a Common share upon the exercise of an option shall be determined by the Compensation Committee and in any event shall not be less than the Market Value of the Common shares as of the grant date. While the Company’s primary organized trading facility is the TSX-V, the “Market Value” for a particular grant date is the closing trading price of the Common shares on the day immediately preceding the grant date; provided, however, that in the case of an option intended to qualify as an ISO, the exercise price per of the ISO shall be not less than 100% of the Market Value of the Common shares as of the grant date, or, in the case of an ISO granted to an option holder who, at the time of the grant of such ISO owns Common shares representing more than 10% of the voting power of all classes of voting securities of the Company or any subsidiary or parent of the Company, not less than 110% of the Market Value of the Common shares as of the grant date.

The vesting schedule for an option, if any, shall be determined by the Compensation Committee. The Compensation Committee may elect, at any time, to accelerate the vesting schedule of one or more options including, without limitation, on a change of control.

In the event that an option holder holds his or her option as a director and such option holder ceases to be a director other than by reason of death or disability, and the option holder has no continuing business relationship with the Company as an employee or consultant, the expiry date of the Option shall be, unless otherwise specified by the

Compensation Committee, the 30th day following the date the option holder ceases to be a director unless the option holder ceases to be a director as a result of: (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company; (ii) a special resolution having been passed by the shareholders of the Company removing the option holder as a director of the Company or any subsidiary; or (iii) an order made by any regulatory authority having jurisdiction to so order; in which case the expiry date shall be the date the option holder ceases to be a director. In the event that the option holder holds his or her option as an employee or consultant and such option holder ceases to be an employee or consultant other than by reason of death or disability, the expiry date of the option shall be, unless otherwise specified by the Compensation Committee, the 30th day following the date the option holder ceases to be an employee or consultant, unless the option holder ceases to be an Employee or Consultant as a result of: (i) termination for cause; (ii) resigning his or her position; (iii) an order made by any regulatory authority having jurisdiction to so order; in which case the expiry date shall be the date the option holder ceases to be an employee or consultant. Notwithstanding the foregoing, in no case will an option be exercisable later than the expiry date of the option.

Other than in the case of the death or disability of an option holder, options are non-assignable and non-transferable. If the employment or engagement of an option holder as an employee or consultant or the position of an option holder as a director or officer of the Company terminates as a result of (a) such option holder's death, any options held by such option holder shall pass to the personal representative of the option holder and shall be exercisable by the personal representative on or before the date which is the earlier of six months following the date of death and the applicable expiry date; or (b) such option holder's disability, any options held by such option holder shall be exercisable by such option holder or by the personal representative on or before the date which is the earlier of six months following the termination of employment or engagement of such option holder and the applicable expiry date.

Subject to any required regulatory approvals, the Compensation Committee may from time to time amend any option or the Plan and the terms and conditions of any option thereafter to be granted, provided that the Compensation Committee must also obtain the written consent of the option holder where such amendment: (a) materially decreases the rights or benefits accruing to the option holder; or (b) materially increases the obligations of the option holder. Subject to any necessary regulatory approvals, the Compensation Committee may also terminate or suspend the Plan.

Furthermore, subject to any necessary regulatory approvals, the Compensation Committee may cause all or a portion of all or any of the options granted under the Plan to terminate upon the occurrence of certain "Triggering Events" without the consent of the option holders. In such case, the Compensation Committee shall give notice to the option holders and, subject to any necessary regulatory approvals, all options granted under the Plan shall become immediately exercisable notwithstanding any contingent vesting provision to which such options may have otherwise been subject. Such Triggering Events include:

- (a) the proposed dissolution or liquidation of the Company;
- (b) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were individually prior to such event, will hold less than a majority of the outstanding capital stock of the surviving corporation;
- (c) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more other persons (meaning a natural person, corporation, government, or political subdivision or agency of a government; and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a person);
- (d) the proposed sale or other disposition of all or substantially all of the assets of the Company; or

- (e) a proposed material change in the capital structure of the Company that is deemed to be a Triggering Event in accordance with the Plan.

Outstanding Share-Based Awards and Option-Based Awards

Share-based awards and option-based awards for NEOs outstanding at the end of the Company's most recently completed financial year are set out in the following table:

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John Hardy	2,645,973	\$0.11	23/02/16	Nil	Nil	Nil
	1,683,000	\$0.10	17/06/13	Nil	Nil	Nil
Robert Joyce	500,000	\$0.11	23/02/16	Nil	Nil	Nil
	225,000	\$0.10	17/06/13	Nil	Nil	Nil
Fraser Atkinson	2,026,027	\$0.11	23/02/16	Nil	Nil	Nil
	1,083,000	\$0.10	17/06/13	Nil	Nil	Nil
Andrew Lynch	200,000	\$0.11	23/02/16	Nil	Nil	Nil
	225,000	\$0.10	17/06/13	Nil	Nil	Nil
Oliver Poppenberg, Jr.	500,000	\$0.11	23/02/16	Nil	Nil	Nil
	225,000	\$0.10	17/06/13	Nil	Nil	Nil

Notes:

- (1) The closing price of the Common Shares on the TSX-V on the last trading day for the Company's most recently completed financial year was \$0.085.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards – value vested or earned for each NEO for the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Hardy	Nil	Nil	Nil
Robert Joyce	Nil	Nil	Nil
Fraser Atkinson	Nil	Nil	Nil
Andrew Lynch	Nil	Nil	Nil
Oliver Poppenberg, Jr.	Nil	Nil	Nil

Pension Plan Benefits

The Company does not have defined benefit or defined contribution plans.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Board has determined that there will be no additional stock option grants to any Executive Directors for the ensuing fiscal year. Other than as described below, the Company has no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change of control or change in an NEO's responsibilities.

John Hardy – Chairman of the Board and Chief Executive Officer

The Company entered into a consulting agreement with John Hardy and Hardy & Company, a sole proprietorship beneficially owned and controlled by John Hardy, on January 1, 1999, as amended from time to time, pursuant to which Mr. Hardy provides consulting services to the Company, including acting as Chairman and Chief Executive Officer of the Company and its subsidiaries. Pursuant to the foregoing arrangement, the Company paid the sum of CDN\$197,500 for the fiscal year ended June 30, 2011. Effective December 1, 2010 the Company is paying Hardy & Company \$135,000 CDN per annum (plus HST) payable monthly and Mr. Hardy is eligible to participate in any executive bonus plan established by the Company. The Company may terminate the consulting agreement with 30 days' notice, and where such termination is made other than for breach of the agreement by Mr. Hardy or Hardy & Co. or for cause, the Company must pay to Hardy & Co. twelve months' remuneration under the agreement, including any bonuses earned to the date of termination. If such a scenario took place on the last business day of the Company's most recently completed financial year, Mr. Hardy would be entitled to receive CDN\$135,000.

Robert Joyce – President

Pursuant to an employment agreement entered into on June 10, 2005, as amended from time to time, between Robert Joyce and the Company, Mr. Joyce was retained to act as President of the Company and its U.S. and UK subsidiaries. Pursuant to the foregoing arrangement, the Company paid the sum of US\$252,000 (CDN \$252,348) for the fiscal year ended June 30, 2011. For the 2012 fiscal year the Company has agreed to pay Mr. Joyce U.S. \$252,000 per annum and he is eligible to participate in any executive bonus plan established by the Company.

Fraser Atkinson – Chief Financial Officer and Corporate Secretary

Pursuant to a consulting agreement dated February 22, 2003, as amended from time to time, among the Company, Fraser Atkinson and Koko Financial Services Ltd. (KFS), a company beneficially owned by Fraser Atkinson, the Company retains Fraser Atkinson to provide consulting services to the Company, including acting as Chief Financial Officer and Corporate Secretary of the Company. Pursuant to the foregoing arrangement, the Company paid the sum of CDN\$200,000 for the fiscal year ending June 30, 2011. For the 2012 fiscal year, the Company has agreed to pay KFS CDN\$16,667 per month (plus HST) and Mr. Atkinson is eligible to participate in any executive bonus plan established by the Company. The consulting agreement can be terminated by either party with 30 day's notice and the Company must pay to KFS one months' remuneration for each full or partial year of service under the agreement, including any bonuses earned to the date of termination. If such a scenario took place on the last business day of the Company's most recently completed financial year, KFS would be entitled to receive CDN\$138,889.

Oliver Poppenberg, Jr. – Executive Vice President of Sales

Pursuant to an employment agreement entered into on July 1, 2008, as amended from time to time, between Oliver Poppenberg, Jr. and the Company, Mr. Poppenberg, Jr. was retained to act as Vice President of sales of the Company's U.S. subsidiaries. Pursuant to the foregoing arrangement, the Company paid the sum of US\$236,250 (CDN \$236,576) for the fiscal year ended June 30, 2011. Mr. Poppenberg, Jr. left the Company on June 30, 2011.

Andrew Lynch – Vice President Mobile Solutions

Pursuant to an employment agreement amended as of July 1, 2008 and as amended from time to time, between Andrew Lynch and the Company, Mr. Lynch was retained to act as Vice President of Mobile Solutions. Pursuant to the foregoing arrangement, the Company paid the sum of US\$274,082 (CDN \$274,460) for the fiscal year ended June 30, 2011. For the 2012 fiscal year the Company has agreed to pay Mr. Lynch a base salary of U.S.\$108,063 per annum, sales commission of 3% of the gross profit of Versatile Mobile Systems, Inc. and a bonus of up to U.S.\$75,000 for achieving certain financial targets including Earnings before interest, amortization and taxes for Versatile Mobile Systems, Inc.

Director Compensation

The non-executive directors of the Company are compensated by the Company for their services in their capacity as directors as follows:

- directors may be granted from time to time incentive stock options in accordance with the policies of the TSX-V;
- directors are entitled to reimbursement of any expenses incurred by reason of being directors; and
- directors may be paid, on a per project basis, consulting fees as determined by the board of directors.

Directors who also serve as executives of the Company receive no additional consideration for acting as a director. See “*Statement of Executive Compensation – Summary Compensation Table*” above for compensation disclosure for executives who are also members of the Board of Directors.

The following table sets out all amounts of compensation paid to the non-executive directors for their services as directors for the Company’s most recently completed financial year. During the most recently completed fiscal year, the Company granted 950,000 incentive stock options to the non-executive directors.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Alessandro Benedetti	Nil	Nil	\$9,900	Nil	Nil	Nil	\$9,900
Malcolm F. Clay	Nil	Nil	\$6,600	Nil	Nil	Nil	\$6,600
Kais Laouiti	Nil	Nil	\$4,950	Nil	Nil	Nil	\$4,950
Bertrand des Pallieres	Nil	Nil	\$9,900	Nil	Nil	Nil	\$9,900

Notes:

- (1) The fair value of each option is estimated as at the date of grant using the most widely accepted option pricing model, Black-Scholes. The weighted average option pricing assumptions and the resultant fair values are as follows: expected average option term of 1.11 years; a 0.00% dividend yield; an expected volatility of 74.8%; and, a risk-free interest rate of 3.0%.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out share-based awards and option-based awards for the non-executive directors of the Company outstanding at the end of the Company’s most recently completed financial year. For similar information relating to the directors who also serve as management of the Company, please see “*Statement of Executive Compensation – Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards*” above.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Alessandro Benedetti	300,000	\$0.11	23/02/16	Nil	Nil	Nil
Malcolm F. Clay	200,000	\$0.11	23/02/16	Nil	Nil	Nil
	325,000	\$0.10	17/06/13	Nil	Nil	Nil
Kais Laouiti	150,000	\$0.11	23/02/16	Nil	Nil	Nil
	300,000	\$0.10	17/06/13	Nil	Nil	Nil
Bertrand des Pallieres	300,000	\$0.11	23/02/16	Nil	Nil	Nil

Notes:

- (1) The closing price of the Common Shares on the TSXV on the last trading day for the Company's most recently completed financial year was \$0.085.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards – value vested or earned during the Company's most recently completed financial year for the non-executive directors of the Company. For similar information relating to the directors who also serve as management of the Company, please see "*Statement of Executive Compensation – Incentive Plan Awards – Incentive Plan Awards – Value Vested or Earned During the Year*" above.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Alessandro Benedetti	Nil	Nil	Nil
Malcolm F. Clay	Nil	Nil	Nil
Kais Laouiti	Nil	Nil	Nil
Bertrand des Pallieres	Nil	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of the end of the Company's most recently completed financial year, the following equity securities of the Company were authorized for issuance under compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾ (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	10,948,100	\$0.12	4,780,464
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	10,948,100	\$0.12	4,780,464

(1) The Company has no warrants or rights issued under equity compensation plans.

MANAGEMENT CONTRACTS

Except as disclosed herein, management functions of the Company are substantially performed by directors or senior officers of the Company and not, to any substantial degree, by any other person with whom the Company has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the last completed fiscal year, no informed person of the Company, proposed director, or any associate or affiliate of an informed person or proposed director, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed herein, no director, executive officer, proposed nominee for election as a director, and no associate or affiliate of any of them since the commencement of the Company's last fiscal year, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the last completed fiscal year, no director, executive officer, senior officer or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Re-approval of the 2009 Stock Option Plan

As described above, the Company's 2009 Stock Option Plan is subject to annual approval of the shareholders of the Company pursuant to the policies of the TSX-V. Management of the Company will be asking the Company's shareholders to re-approve the 2009 Stock Option Plan at the upcoming Meeting.

The following resolutions will be presented to the shareholders for approval:

"BE IT RESOLVED that:

1. the 2009 Stock Option Plan, in the form presented to this Meeting, is approved and is hereby directed to be attached to the Minutes of this Meeting as a Schedule thereto;
2. the Company is authorized to grant stock options pursuant and subject to the terms and conditions of the 2009 Stock Option Plan entitling all of the outstanding optionholders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable grant date;
3. any committee created pursuant to the 2009 Stock Option Plan is authorized to make such amendments to the 2009 Stock Option Plan from time to time as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the 2009 Stock Option Plan, the shareholders; and
4. the approval of the 2009 Stock Option Plan by the Board of directors is hereby ratified and any one director of the Company is hereby authorized to execute any other documents as the director deems necessary to give effect to the transactions contemplated in the 2009 Stock Option Plan."

This resolution must be approved by a majority (more than 50%) of the votes cast by the shareholders of the Company who, being entitled to do so, vote in respect of this resolution. **Management of the Company recommends that shareholders vote in favour of the foregoing resolution, and the persons named by Management in the enclosed form of proxy intend to vote for the approval of the foregoing resolution at the Meeting unless otherwise directed by the shareholders appointing them or by Management in the absence of such shareholder direction.**

Approval of Cancellation of the Admission of the Common shares on AIM

On October 14, 2011, the Board approved the proposed cancellation of the admission of the Common shares of the Company on the AIM, subject to shareholder approval in accordance with Rule 41 of the AIM Rules for Companies and the approval of the TSX-V.

Following careful consideration, the Board has determined that it is no longer in the best interests of the Company or of its shareholders for the Company to maintain its admission to listing on AIM. The AIM quotation of the Common shares has not so far provided investors the opportunity to trade in meaningful volumes or with frequency within an active market. With little trading volume, the Company's share price can move up or down significantly following trades of small numbers of shares.

In addition, given that the Company's Common shares have historically experienced low trading volumes on AIM the Board has determined that the costs associated with the Company maintaining its admission to trade on AIM are

no longer in the best interests of the Company, especially when considering that the Company will maintain its listing on the TSX-V, which provides shareholders with an alternative market for trading in the Common shares. The annual costs associated with the quotation of the Common shares on AIM has ranged from \$50,000 to \$100,000 per annum since listing on AIM. In addition, there are indirect costs associated with a significant amount of senior executive time which is also spent dealing with the issues related to the AIM quotation.

If the shareholders approve the cancellation of the admission of the Common shares of the Company on AIM, the Company will no longer be subject to the AIM Rules for Companies and, accordingly, it would not (amongst other things) be required to retain a nominated adviser or to comply with the requirements of AIM in relation to the disclosure of price sensitive information or the disclosure of information on corporate transactions. However, as noted above, the Company remains subject to the disclosure regime provided by applicable Canadian securities laws and also will be maintaining its listing on the TSX-V which has its own additional rules with respect to the disclosure of information to shareholders.

Following the cancellation of the quotation of the Common shares on AIM, shareholders who wish to trade their Common shares will be required to do so through the facilities of the TSX-V. In order to do so, shareholders will be required to use the services of a broker or other intermediary who is a member of the TSX-V for the purposes of trading.

The text of the resolution to approve the cancellation of the admission of the Common shares of the Company on the AIM is attached to this Information Circular as Appendix B (the "AIM Delisting Resolution"). In order to be passed in accordance with AIM Rules for Companies, at least three-quarters (75%) of the votes cast at the Meeting by Shareholders in person or by proxy must be voted in favour of the AIM Delisting Resolution. If the AIM Delisting Resolution is passed at the Meeting, it is anticipated that the cancellation of the admission of the Common shares on the AIM will occur after January 1, 2012.

Management of the Company recommends that shareholders vote in favour of the AIM Delisting Resolution, and the persons named by Management in the enclosed form of proxy intend to vote for the approval of the foregoing resolution at the Meeting unless otherwise directed by the shareholders appointing them or by Management in the absence of such shareholder direction.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The audit committee has a charter. A copy of the audit committee charter is attached as Appendix A hereto.

Composition of the Audit Committee

The current members of the Audit Committee are Malcolm Clay and Kais Laouiti who are considered to be independent and John Hardy. All of the members are financially literate. "Independent" and "financially literate" have the meaning used in NI 52-110 of the Canadian Securities Administrators.

Relevant Education and Experience

All of the current members of the audit committee are financially literate. Malcolm Clay is a chartered accountant and has served as a director and advisor to publicly listed companies on Canadian and international stock exchanges. Kais Laouiti is the Managing Director of NewInvest, which is a private investment firm and has extensive experience as an investment manager and advisor. John Hardy is the Chairman and CEO of the Company.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (Deloitte & Touche LLP, Chartered Accountants for the most recently completed fiscal year) not adopted by the Board.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the instrument, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the audit committee, on a case by case basis.

External Auditor Service Fees (By Category)

The aggregate fees billed for professional services rendered by Deloitte & Touche LLP for the year ended June 30, 2011 and 2010 are as follows:

Fiscal Year Ended June 30	2011	2010
Audit Fees (for audit of the Company's annual financial statements for the respective year)	\$100,000	\$110,000
Audit-Related Fees (for accounting consultation)	Nil	Nil
Total Audit and Audit-Related Fees	\$100,000	\$110,000
Tax Fees	\$34,000	\$34,000
All other Fees	\$2,000	\$2,000
Total Fees (CDN\$)	\$136,000	\$146,000

Reliance on Certain Exemptions

The Company has not relied on the exemption contained in section 2.4 or 8 of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company.

A “material relationship” is a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by the exercise of independent judgment to safeguard the interests of the Company. The independent members of the Board of Directors of the Company are Alessandro Benedetti, Malcolm Clay, Bertrand des Pallieres and Kais Laouiti.

The non-independent directors are John Hardy, Chairman and Chief Executive Officer of the Company and Fraser Atkinson, Chief Financial Officer and Corporate Secretary of the Company.

Directorships

The directors of the Company that have directorships outside of the Company and the public companies that they are directors of are as follows: Malcolm Clay is a director of Zongshen Pem Power Systems Inc., Minco Gold Corporation, Hanwei Energy Services Corp., Powertech Uranium Corp. and Oakmont Capital Corp.; Fraser Atkinson is a director of Equus Total Return, Inc., Oakmont Capital Corp., Grizzly Discoveries Inc. and Rara Terra Minerals Corp.; Alessandro Benedetti is a director of Equus Total Return, Inc. and Cadogan Petroleum PLC; Bertrand des Pallieres is a director of Equus Total Return, Inc., Orco Property Group S.A. and Cadogan Petroleum PLC; and John Hardy is a director of Equus Total Return, Inc.

Orientation and Continuing Education

All new directors are provided with an information package regarding the business of the Company which includes a copy of the following materials: (a) the constating documents of the Company; (b) the latest management information circular and annual report including the annual financial statements; (d) all quarterly reports for the last financial year end; (e) any press releases or material change reports for the last year and (f) the Audit Committee Charter.

When new directors are appointed, they receive orientation commensurate with their previous experience on the Company’s properties, business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company’s management and employees to give directors additional insight into the Company’s business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors’ participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Other Board Committees

The Company has a Compensation Committee. Malcolm Clay serves as the Chair of the Compensation Committee and Bertrand des Pallieres is also a member of the Committee.

Assessments

The Board of Directors has not yet established any formal procedures for assessing the performance of the Board or its committee and members. Generally, those responsibilities have been carried out on an informal basis by the Board of Directors itself. Furthermore, it is the view of the Board that, in light of the size of the Company, a formal assessment process will be less effective than the informal structure currently in place.

The Board of Directors monitors but does not formally assess the performance of individual Board members or committee members or their contribution.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

SHAREHOLDER PROPOSALS

The Company must receive, by no later than August 17, 2012, any proposal for any matter that a person entitled to vote at an annual meeting proposes to raise at the 2012 annual meeting of shareholders of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com under the Company's name. Financial information is provided in the comparative financial statements and management's discussion and analysis ("MD&A") for the most recently completed financial year. Copies of the financial statements and MD&A can also be obtained from our Corporate Secretary free of charge at (604) 683-2915.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Company.

DATED as of the 17th day of October, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS
OF VERSATILE SYSTEMS INC.**

“John Hardy”

John Hardy, Chairman of the Board and Chief
Executive Officer

APPENDIX A

VERSATILE SYSTEMS INC.

AUDIT COMMITTEE CHARTER

Purpose

The overall purpose of the Audit Committee (the "Committee") of Versatile Systems Inc. (the "Company") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

Composition, Procedures and Organization of the Audit Committee

1. The Committee shall consist of at least three members of the Board of Directors (the "Board").
2. At least two (2) members of the Committee shall be independent and the Board and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Roles and Responsibilities of the Audit Committee

9. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (c) to consider the effectiveness of the Company's internal control over annual and interim financial reporting, including information technology security and control; and
 - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
10. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Company;

- (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
11. The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form, if required;
 - (iii) annual and interim MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Company; and
 - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Company's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
12. The Committee shall have the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) to set and pay the compensation for any advisors employed by the Committee; and
- (c) to communicate directly with the internal and external auditor.

APPENDIX B

AIM DELISTING RESOLUTION

RESOLVED THAT:

1. The cancellation of the admission of the Company's shares to trading on AIM, a market operated by the London Stock Exchange, be and with effect from or such later date as the Directors may determine, be and is hereby approved.
2. The Company be and is hereby authorized to prepare and file all such documents and make all such submissions as may be required to effect the cancellation of the admission of the Company's Common shares to trading on AIM.
3. Any director or officer of the Company be and is hereby authorized and directed for and on behalf of and in the name of the Company to execute, deliver and file all such documents and instruments and to do all such other acts and things as he may, in his sole discretion, consider necessary or desirable in connection with or to carry out the provisions of the foregoing paragraphs of this resolution, the authority for the execution of such documentation and the doing of such things to be conclusively evidenced thereby.

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