

PURE TECHNOLOGIES LTD.

ANNUAL INFORMATION FORM

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

March 16, 2011

TABLE OF CONTENTS

GLOSSARY	1
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	1
CORPORATE STRUCTURE	2
GENERAL DEVELOPMENT OF THE BUSINESS	3
History of the Company for the Last Three Years	3
2008 Review	3
2009 Review	4
2010 Review	4
Description of Business.....	5
Operations and Sales.....	7
Principal Markets.....	7
Distribution and Licensing	8
Production and Components	8
Competitive Conditions	8
Research and Development	8
Intellectual Property	9
Seasonality.....	9
Employees and Specialized Skill and Knowledge	10
Economic Dependence	10
Changes to Contracts	10
Environmental, Health and Safety Regulation	11
RISK FACTORS	11
Dependence on Key Personnel	11
Patents and Proprietary Technology.....	11
Competition	11
Research and Development	12
Fluctuation of Exchange Rates	12
Future Capital Needs	12
Acquisitions	12
Uninsured and Underinsured Losses.....	13
Fixed Price Contracts.....	13
Credit Risk.....	13
Source of Supply of Raw Material and Third Party Components	13
Development of New Products	13
Shortage of Qualified Personnel and Parts and Raw Materials.....	14
International Scope of Operations	14
Transfer Pricing.....	14
Other Tax Matters	15
DIVIDENDS.....	15
DESCRIPTION OF SHARE CAPITAL	15
Common Shares	15
Preferred Shares.....	15
MARKET FOR THE SECURITIES OF THE CORPORATION.....	15
Trading History.....	16
DIRECTORS AND OFFICERS.....	16
Corporate Cease Trade Orders or Bankruptcies	17
Penalties or Sanctions	18
Personal Bankruptcies	18
AUDIT COMMITTEE INFORMATION	18
Audit Committee Charter.....	18
Composition of Audit Committee	18
Relevant Education and Experience.....	19
Pre-Approval Policies and Procedures	19
External Audit Fees by Category	19

Audit Fees	20
Audit-related Fees	20
Tax-related Fees	20
COMPENSATION COMMITTEE INFORMATION.....	20
Compensation Committee Charter	20
Composition of Audit Committee	20
Relevant Education and Experience.....	20
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	21
Conflicts of Interest	21
MATERIAL CONTRACTS	21
LEGAL PROCEEDINGS	21
REGISTRAR AND TRANSFER AGENT	21
INTERESTS OF EXPERTS	21
ADDITIONAL INFORMATION.....	22

GLOSSARY

In this Annual Information Form, unless the context otherwise requires, the following words and phrases shall have the meaning set forth below:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time;

"**Audit Committee**" means the Audit Committee of the Board of Directors of the Corporation;

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of the Corporation;

"**Corporation**" or "**Pure**" means Pure Technologies Ltd., a corporation incorporated under the ABCA, and its consolidated entities;

"**Patent Cooperation Treaty**" means the Patent Cooperation Treaty (Washington, 1970), as amended on September 28, 1979 and modified on February 3, 1984 and October 3, 2001, published by the World Intellectual Property Organization;

"**PPIC**" means The Pressure Pipe Inspection Company Limited and its subsidiaries;

"**Pure Inc.**" means Pure Technologies Inc., a corporation incorporated under the ABCA;

"**PureService**" means PureService, Inc., a corporation incorporated pursuant to the laws of the State of Arizona;

"**Pure U.S.**" means Pure Technologies U.S. Inc., a corporation incorporated pursuant to the laws of the State of Delaware;

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

"**United States**" or "**U.S.**" means the United States of America.

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information with respect to the Corporation has been presented in Canadian dollars in accordance with the generally accepted accounting principles in Canada.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual information form ("AIF") contains forward-looking statements. When used in this AIF the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Corporation are intended to identify forward-looking statements. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this AIF reflect current expectations regarding future events and operating performance and speak only as of the date of this AIF.

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. Such statements reflect the Corporation's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties including without limitation, changes in market competition, governmental or regulatory developments, changes in tax legislation, general economic conditions and other factors set out in the Corporation's public disclosure documents.

Many factors could cause the Corporation's actual results, performance or achievements to vary from those described in this AIF, including without limitation those listed above as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in this AIF herein should not be unduly relied upon. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this AIF are expressly qualified as cautionary statements. Financial outlook information contained in this AIF about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this AIF should not be used for purposes other than for which it is disclosed herein.

CORPORATE STRUCTURE

The Corporation was incorporated under the ABCA on December 18, 1995 as Sextant Enterprise Corp. On June 17, 1998, the Corporation amended its articles to change its name from Sextant Enterprise Corp. to Pure Technologies Ltd. The Corporation amalgamated with its wholly-owned subsidiary, Pure Technologies Inc. ("Pure Inc.") on January 1, 1999, which had previously been incorporated on May 11, 1993 under the ABCA.

The Corporation completed its initial public offering on June 17, 1996. On July 22, 1996, the Common Shares were listed for trading on the junior capital pool board of the Alberta Stock Exchange (now the TSXV). On December 31, 1996, the Corporation completed its major transaction, a reverse takeover of Pure Technologies Inc., whose major asset was the SoundPrint[®] technology.

On October 6, 2008, the Corporation incorporated Pure Holding Inc., a U.S. holding company. On January 1, 2009, the shares of Pure Technologies U.S. Inc. ("Pure U.S.") and PureService Inc. ("PureService") were transferred to Pure Holding Inc. Pure Holding Inc. owns 100% of the issued and outstanding securities of Pure U.S., a corporation incorporated in 1997 pursuant to the laws of the State of Delaware. Pure Holding Inc. also owns 100% of the issued and outstanding securities of PureService, a corporation incorporated in 1995 pursuant to the laws of the State of Arizona.

On May 9, 2008, the Corporation acquired all the outstanding shares of Price Brothers (UK) Ltd., a corporation incorporated pursuant to the laws of the United Kingdom.

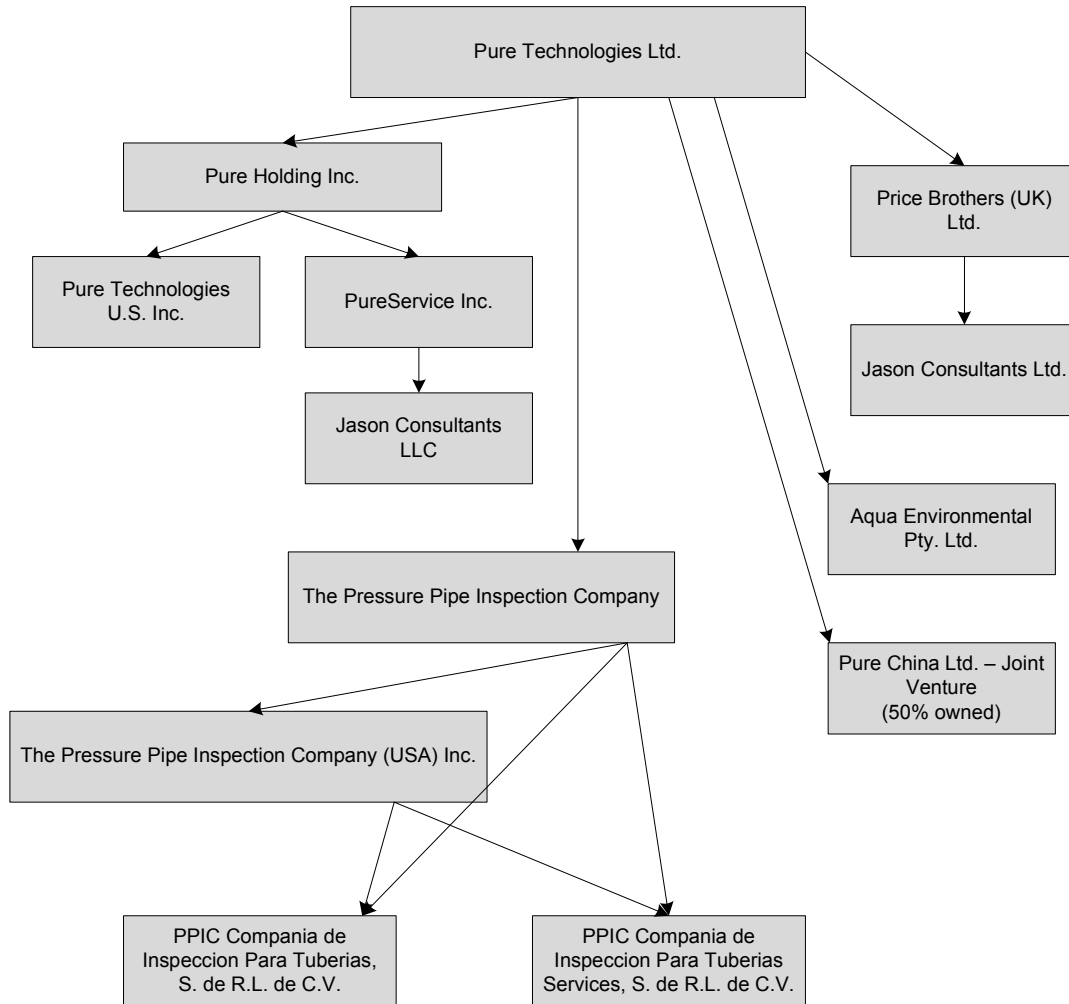
On September 25, 2009, PureService acquired the membership interests of Jason Consultants LLC, a limited liability corporation that was incorporated in 2003 under the laws of the State of Delaware. On the same date, Price Brothers (UK) Ltd, acquired all the outstanding shares of Jason Consultants Ltd., a corporation incorporated pursuant to the laws of the United Kingdom.

On August 13, 2010, the Corporation acquired all the outstanding shares of The Pressure Pipe Inspection Company Ltd. ("PPIC"), a corporation incorporated pursuant to the laws of Ontario. PPIC has three subsidiary companies, Pressure Pipe Inspection Company (USA) Inc., PPIC Compania de Inspeccion Para Tuberias, S. de R.L. de C.V. and PPIC Compania de Inspeccion Para Tuberias Services, S. de R.L. de C.V.

On October 6, 2010, the Corporation acquired all the outstanding shares of Aqua Environmental Pty. Ltd., a corporation incorporated pursuant to the laws of Australia.

The Corporation has two registered branch offices. Pure Libya was registered in 2008 and Pure Abu Dhabi completed its registration in October 2009.

The head office of the Corporation is located at 300, 705 - 11th Avenue S.W., Calgary, Alberta T2R 0E3 and its registered office is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.



GENERAL DEVELOPMENT OF THE BUSINESS

HISTORY OF THE COMPANY FOR THE LAST THREE YEARS

Pure is a world leader in the development and application of innovative technologies for inspection, monitoring and management of physical infrastructure. From detecting and locating leaks in water and hydrocarbon pipelines to monitoring the health of large bridges, technologies and expertise are being used around the world to help manage deterioration and reduce loss. Since 1998, our SoundPrint[®] acoustic monitoring systems have been used on some of the world's largest bridges to identify and locate corrosion so that the long-term integrity of these critical links can be assured. Our optical fibre distributed acoustic sensing systems are being used to protect massive water pipelines across the globe. Our revolutionary SmartBall[®] leak detection system detects and locates tiny leaks in oil, gas and water pipelines.

2008 REVIEW

In 2008, consolidated revenue increased by 50%. The majority of the increase resulted from the efforts in the U.S. market with revenue growing from \$5.5 million in 2007 to \$10.4 million in 2008. The remaining equipment from the Great Man-Made River Project ("GMRP") contract was delivered in the first quarter of

the year. Installation and technical support commenced shortly afterwards. This contributed to the increase in monitoring and technical support revenue of 53% for the year. The Canadian market expanded by over 108% during the year from a large project with the City of Montreal. The building and structures segment also saw some revitalization within the year with key projects in Canada and the U.S..

Due to the significant growth in the U.S., the Corporation shifted its strategy to include more operational staff within its U.S. subsidiaries. Previously, projects were staffed from the corporate office in Calgary. Efforts were expanded in the international market notably with SmartBall technology. A hydrocarbon version of SmartBall was deployed during the year and more focus was applied to the oil and gas industry.

In May 2008, the Corporation acquired Price Brothers (UK) Ltd., a specialty engineering company active in the water resources sector. This acquisition further developed Pure's presence in Libya.

2009 REVIEW

EBITDA in 2009 increased dramatically from \$1.7 million to \$4.5 million. Revenue increased by 43%. The majority of the increase for both revenue and EBITDA was due to equipment sales of SoundPrint[®] AFO. A large management contract with the Washington Suburban Sanitary Commission (WSSC) and another contract with the Great Man Made Rive Authority ("GMRA") in Libya triggered the increase which is expected to continue in 2011. The WSSC contract was the source for the increase in consulting revenue of 109%.

During the second quarter, Pure acquired the assets of Pipe Eye International, a provider of long-range specialty robotic inspection services. The acquisition positioned Pure in the premium robotic inspection service market. The intention is to develop and add enhanced capabilities to the existing systems that will provide water and waste water agencies with better information about the state of their buried infrastructure.

On September 25, 2009, Pure acquired the operating subsidiaries of Jason Consultants Group Ltd., Jason Consultants LLC and Jason Consultants Ltd (collectively "Jason"). Jason is a specialist consultancy focused on underground infrastructure engineering and technology. Founded in 1979, Jason provides its clients with world-class expertise in the inspection, assessment and rehabilitation of water and waste water pipelines; trenchless technology; and related underground infrastructure fields.

Resources were directed to the international market to establish Pure's products in a number of regions. Pure established a branch office in Abu Dhabi with registration in October 2009. The branch office will serve the Middle Eastern area. Focus was placed on the South American market through a distribution of local agents. Three licenses for SmartBall were signed over the year serving the areas of Southern Africa and parts of Europe for both water and hydrocarbon pipelines.

2010 REVIEW

Revenue in 2010 increased by 52% due to two acquisitions and through organic growth. EBITDA increased by 60% from \$4.5 million to \$7.2 million. Even with the rapid growth, gross margins were maintained at 65%. Increased inspection services revenue and contract deliveries to the GMRA were responsible for the growth.

During 2010, Pure established a joint venture, Pure China Ltd. ("Pure China") with Balama Prima Engineering Co. Ltd. Balama Prima is a privately-held Hong Kong-based company with over 400 employees and significant business interests in the infrastructure sector in China. Pure China will represent Pure's interests in China, Hong Kong, Taiwan and Macau.

During the third quarter, Pure acquired The Pressure Pipe Inspection Company Limited ("PPIC") and its subsidiaries, a provider of large diameter water and waste water pipeline condition assessment and leak detection.

On October 5, 2010, Pure acquired Aqua Environmental Pty Ltd. ("Aqua"). Aqua provides services relating to water main leak detection, water loss management and pipeline condition assessment in Australia and New Zealand. Founded in 1979, the company has been a major provider of pipeline leak detection and condition assessment for the region.

Through the combination of the various acquisitions over the past two years, a major contract was awarded to Pure in South America. This contract employs several of Pure's technologies and consulting capabilities. This model is being used throughout the Americas to offer customers an infrastructure management program rather than simply an inspection services.

DESCRIPTION OF BUSINESS

Pure provides monitoring and surveillance of critical physical infrastructure utilizing patented and proprietary technologies. As a world leader in the water and waste water pipeline management and condition assessment industry, Pure has developed, and continues to develop, unique technologies for this market, as well as for oil and gas pipelines, bridges, buildings and parking structures. Our main business streams along with the corresponding technologies and services consist of:

1. Proprietary monitoring equipment for pipelines, bridges and structures

SoundPrint®

SoundPrint is a proprietary acoustic monitoring technology used to provide continuous remote health monitoring of bridges, pipelines, buildings, parking structures, water tanks and other infrastructure components. This patented technology provides infrastructure owners and managers with continuous, remote structural monitoring of infrastructure components, as well as automatic surveillance of structures subject to damage from vehicle or ship impacts or seismic activity.

The SoundPrint® acoustic monitoring system "listens" to structures on a continuous basis and detects the time and location of hidden structural events, or other events of interest. Owners and operators of the structures can then use this information to reduce costs, focus repairs and extend the useful lives of the structures. The system utilizes proprietary components and copyright software, developed by the Corporation, incorporating advanced pattern recognition capability to record and analyze data. Data is transmitted from sites around the world through the Internet to the Corporation's head office in Calgary, where it is analyzed using proprietary software and reported to owners, managers and their consultants.

As the initial technology developed by the Corporation, SoundPrint® represents the Corporation's main product and largest proportion of revenues. Revenue is derived from initial system sales and subsequently from ongoing monitoring and technical support.

SoundPrint® AFO

During 2004 the Corporation began developing acoustic fibre-optic monitoring technology. SoundPrint® AFO is a patented acoustic fibre optic monitoring system for structural monitoring in pre-stressed concrete pipelines for both water and waste water, and for leak detection and surveillance of oil and gas pipelines. The use of acoustically-sensitive optical fibre and proprietary optical processing techniques allows Pure to monitor considerably longer lengths of pipelines from a single access point.

2. Technical services including inspection, leak detection and condition assessment

P-Wave® and Remote Field Transformer Coupling (RFTC)

P-Wave® and RFTC are patented, non-destructive testing technologies that utilize electromagnetic techniques to provide a "snapshot" of the condition of large diameter pre-stressed concrete cylinder pipe used for water and waste water transmission lines. P-Wave® and RFTC are able to identify sections or areas of pipeline requiring immediate repair or continued monitoring. Inspection data collected can be analyzed to identify areas of potential concern. P-Wave® and RFTC make constructive use of Internet data capabilities and on-demand web-based reporting to make information available to customers in a timely and efficient manner. Revenues derived from P-Wave® and RFTC, are realized from the execution of inspections using the equipment and from the generation of reports summarizing the condition of the pipelines.

SmartBall®

SmartBall® is an innovative leak detection technology. It is a free-swimming foam ball with an instrumented aluminum core capable of detecting very small acoustic events in pipelines. SmartBall® can be inserted into a pipeline and can travel with the water or oil flow for more than twelve hours, locating and collecting information about leaks over many miles of pipeline with a single deployment.

Sahara®

Sahara® is a patented leak detection system used for detecting leaks and pockets of trapped gas in large diameter water and waste water mains. Inspections are conducted while the main remains in service by inserting a sensor into the tap. A small parachute uses the flow of water to draw the sensor through the pipeline and a surface tracking device allows the position of leaks and other pipeline features to be located.

CableScan

SoundPrint® CableScan utilizes the Magnetostrictive Sensing Technology ("MsS") invented and patented by Southwest Research Institute of San Antonio, Texas. Pure holds a non-exclusive worldwide license for MsS for bridge applications. MsS is also applicable for non-destructive evaluation of steel pipelines, storage tanks, and ground anchors.

3. Specialized engineering services in areas related to asset management, primarily in the area of pipeline condition assessment for water and waste water infrastructure

Openaka the operating division of Pure U.S. is a nationally recognized U.S. consulting engineering firm specializing in assessing, repairing, and managing pipelines, with a major focus on prestressed concrete cylinder pipes (PCCP).

Price Brothers (UK) Ltd. is a specialty engineering company active in the water resources sector. Since 1982, the company has been providing specialty engineering advice and project management support to the GMRP in Libya, primarily relating to pipe design, manufacture and installation.

Jason Consultants Ltd. and Jason Consultants LLC comprise a specialist consultancy focused on underground infrastructure engineering and technology. Since 1979, the company has provided world class expertise in trenchless technology and in condition assessment of underground asset networks.

Aqua Environmental Pty. Ltd. provides services relating to water main leak detection, water loss management and pipeline condition assessment in Australia and New Zealand. Since 1979, the company has been a major provider of pipeline leak detection and condition assessment for the region.

4. Recurring revenue from data analysis and site maintenance for these technologies, and from licensing of our SmartBall leak detection system.

OPERATIONS AND SALES

The breakdown of revenue for each category of principal products for Pure's three most recently completed financial years is as follows:

	\$ for Year Ended December 31		
	2010	2009	2008
Equipment Sales	21,941,940	18,740,321	13,353,697
Inspection Services	14,655,250	3,310,190	3,513,868
Consulting Services	6,859,923	5,892,191	2,820,243
Monitoring and technical support	4,894,593	3,730,547	2,479,578
Total	48,351,706	31,673,249	22,167,386

Revenue is derived from the following markets:

	Year Ended December 31		
	2010	2009	2008
Water and waste water	94%	89%	83%
Bridges	1%	2%	5%
Buildings and structures	5%	9%	12%

PRINCIPAL MARKETS

Pure provides infrastructure management technologies to a variety of diverse clients such as government agencies, engineering firms, universities and both public and private owners of large structures. The types of infrastructure to which the technologies are applicable include water and waste water pipelines, oil and gas pipelines, suspension and cable-stayed bridges, buildings and parking structures.

Pure's principal markets are the water and waste water industry, oil and gas pipeline industry, bridges and post-tensioned buildings. Historically, the majority of Pure's revenue has been generated directly and through its U.S. subsidiary in North America (U.S. and Canada) and North Africa (Libya). However, Pure's commercial activities now extend to many parts of the world, including Europe, the Middle East, North Africa, South Africa, Mexico, South America, Asia, Australia, Hong Kong, Japan and elsewhere. As Pure broadens its offerings in the field of pipeline condition assessment, the international market for its products and services is expected to expand. This anticipated market will be serviced directly through our newly- established branch office in Abu Dhabi, and through technology licensing and partnerships with third parties.

Customers accounting for more than 15% of revenue:

2008	Great Man-Made River Authority
2009	Great Man-Made River Authority
2010	Great Man-Made River Authority

DISTRIBUTION AND LICENSING

Pure markets and sells its technologies directly in the North American market through its U.S. subsidiaries and overseas through its branch offices in Benghazi, Libya, Abu Dhabi, United Arab Emirates, Australia, the UK, as well as its joint venture in Hong Kong. In the bridge sector, Pure markets in the UK through a partnership with Transport Research Laboratory, and directly elsewhere. In the water sector, Pure markets its pipeline monitoring and inspection technologies through agents in South America and China, and directly elsewhere. The Corporation has licensed its SmartBall leak detection system in various regions in Europe, Japan and South Africa.

PRODUCTION AND COMPONENTS

All SoundPrint components are designed in-house and manufactured by Pure or by subcontractors in accordance with Pure's specifications. Certain components are assembled by Pure, while other components are purchased off the shelf from reliable manufacturers. A supply of key components is kept on hand at all times to ensure delivery of monitoring systems is not delayed.

Once a contract is awarded, design drawings for the installation are produced by Pure's technicians and all system components are configured and tested to ensure they conform to Pure's specifications. Wiring and sensor installation is usually done by sub-contractors under Pure's supervision. Once the installation is completed, Pure's technicians commission and calibrate the system to ensure that it records all relevant events. Once the system is operational, data is transmitted and analyzed using proprietary software developed by the Corporation. Software upgrades and system improvements are produced by the Corporation on a regular basis and incorporated in installed systems, subject to the terms of the technical support contract.

In this way, total control over system design and production, and software development, is retained by Pure with minimal overhead.

COMPETITIVE CONDITIONS

Competition for the Corporation's technologies is fragmented among a number of competitors and in some cases no direct competition exists; however, the bridge, water and waste water markets are highly competitive. SoundPrint®, which provides continuous acoustic remote monitoring of bridges and structures, has one known direct commercial competitor in the bridge sector, and other alternative structural health monitoring products and services are available from a number of sources internationally.

In the water and waste water sector, while Pure's SoundPrint® AFO product is currently unique with respect to commercial deployment in pre-stressed pipelines, alternative strategies being promoted by other companies provide potential clients with competitive options. In the field of leak detection in large-diameter water and waste water pressure pipelines, SmartBall competes directly with at least two other newly-introduced effective technologies, as well as with many other conventional leak detection products that are less effective for this application.

Pure's direct competitor in the bridge sector is well funded and has a wide distribution and direct marketing network. In the water sector, direct competitors are believed to be currently smaller than Pure, although they are developing international marketing and distribution channels. The Corporation believes that it currently has stronger financial and technical resources than these competitors.

RESEARCH AND DEVELOPMENT

Research and development of improved technology and complementary products continues to be a core focus of the Corporation. One of the factors in the success of the Corporation is its technological leadership resulting from its investments in research and development. The Corporation is developing

new proprietary remote sensing technology to complement the existing systems of SoundPrint® and SoundPrint® AFO to increase the potential market for Pure's products and services.

Further development of traditional P-Wave equipment and applications is ongoing. With the introduction of robotics, the Corporation is pursuing development of P-Wave robotics so that unmanned inspections can be completed without having to fully dewater a pipeline. This device would also allow for unmanned inspections of pipelines where size restrictions made it impossible for manned inspections, in addition to waste water inspections.

SmartBall continues to be a focus and new applications for the apparatus are being explored.

With the acquisition of PPIC, further development of Sahara inspection equipment is occurring. As well, advancements in the delivery of electromagnetic inspections through a new tool called PipeDiver™ allows for pipeline condition assessment inspections in lines that are live or can't be taken out of service due to a lack of redundancy or operational constraints.

Research and development activities have generated multiple patents in Canada, the United States and other countries. Further intellectual property is expected to be generated from ongoing research and development activities.

Research and development expenditures (including capitalized development costs) over the last three years:

2008	\$1,692,673
2009	\$1,498,341
2010	\$2,033,430

INTELLECTUAL PROPERTY

Pure's success is dependent upon intellectual capital including innovation, ideas, patents, copyrights, proprietary software and technology. Pure relies principally upon copyright, trademark, patent and trade secret laws to protect its technology as well as non-disclosed proprietary information. The Corporation believes its intellectual property, combined with the high development costs of the technologies, provide a significant barrier to entry for new competitors.

The following table summarizes Pure's main patents by technologies:

Technology	Coverage
SoundPrint®	U.S., Spain, France, UK, Canada
SoundPrint® AFO	U.S. Patents pending in: Canada, Europe, Hong Kong, Libya
P-Wave	Canada, U.S. Patents pending in: Libya, Europe
SmartBall®	Singapore, New Zealand, Russian Federation Patents pending in: Canada, U.S., Brazil, UAE, China, Europe, Hong Kong, Israel, India, Mexico, Australia
Sahara®	U.S., Europe

SEASONALITY

Equipment sales are subject to seasonal fluctuations especially in the third quarter of the fiscal year. This is due to many water utilities in North America operating at full capacity and pipelines are not available for

deployment of monitoring systems. This also affects inspection service revenue. The Corporation continues to develop its other revenue streams to offset the reduction in equipment sales. As well, focus is placed on the international market during slower North American market to ensure more consistency in revenues.

EMPLOYEES AND SPECIALIZED SKILL AND KNOWLEDGE

The following table summarizes employees within Pure and its subsidiaries:

Company or Branch	Number of employees
Pure Technologies Ltd.	65
Pure Technologies U.S. Inc.	26
PureService Inc.	7
Price Brothers (UK) Ltd.	24
Pure Libya	2
Pure Abu Dhabi	1
The Pressure Pipe Inspection Company	53
Jason Consultants	3
Aqua Environmental Pty Ltd.	12
Total	193

Pure complies with provincial, state, federal and local regulations in regards to benefits and employment practices. In addition to regulated requirements, it provides employees with group insurance (life, disability, health and dental care) and an employee share purchase plan. Employee benefits are reviewed on an annual basis. Improvements to the various plans are made when warranted. The employee share purchase plan was reviewed and upgraded for 2009 and a complete comprehensive review and plan redesign for group insurance was completed in 2008.

Pure provides respect and equal employment opportunities for all individuals and applicants for positions. Decisions pertaining to recruitment, hiring, training, transfers, dismissals, layoffs, counseling, compensation, hours of work, benefits, and performance reviews are based on job performance, merit, and qualifications. Pure's practice has been and will continue to be one of honest evaluation of each individual's qualifications and business contributions. Pure encourages life-long learning and continuous skills improvement.

Pure is committed to provide a safe environment for its staff, contractors, and visitors. An effective health and safety management system that supports preventive and responsive attitudes and behaviors at all levels of management, supervision and staffing will help to ensure a safe environment. Health and Safety is a shared responsibility. Pure will enhance employee knowledge and skills necessary to improve health and safety.

Pure is comprised of a team with scientific and technical expertise in various areas such as physics, acoustics, software development, electronics and engineering.

ECONOMIC DEPENDENCE

Price Brothers (UK) Ltd. is dependent on a contract with Al Nahr Company Limited to provide consultancy and supply services to facilities in Libya. The contract is renewable every two years and has been renewed at each interval since 2000. There is no foreseeable reason as to why the contract would not be renewed in the future.

CHANGES TO CONTRACTS

In addition to the contract for Price Brothers (UK) Ltd. for consultancy services, Pure derives 11% of its revenues from monitoring and technical support contracts. These contracts range in length of one year to ten years. This revenue segment can be adversely affected if these contracts are not renewed.

However, past history has shown that the contracts are renewed and the revenue segment continues to grow each year.

ENVIRONMENTAL, HEALTH AND SAFETY REGULATION

Pure is subject to federal, provincial, state, municipal and local statutes, regulations and by-laws and other requirements with respect to workers' health and safety and environmental matters in jurisdictions it operates in.

Environmental legislation, orders, permits, approvals, common law and other requirements impose obligations relating to, among other things: the release of substances into the natural environment; the production, processing, preparation, handling, storage, transportation, disposal and management of substances; and the prevention and remediation of environmental impacts such as the contamination of soil and water. Pure believes that they are in compliance in all material respects with the regulatory requirements of those jurisdictions it operates in.

Pure is committed to provide a safe environment for its staff, contractors, and visitors. It provides effective health and safety management systems that support preventive and responsive attitudes and behaviors at all levels of the Corporation.

RISK FACTORS

Certain activities of the Corporation are affected by factors that are beyond its control or influence. The Corporation has comprehensive risk management practices in place designed to offset the following risk factors to the extent practical. The risks and uncertainties discussed below are not the only ones the Corporation faces. Additional risks and uncertainties not presently known to it or that the Corporation currently considers immaterial also may impair its business operations and cause the price of its common shares to decline. If any of the following risks actually occur, its business may be harmed and its financial condition and results of operations may suffer significantly.

DEPENDENCE ON KEY PERSONNEL

The success of Pure is dependent upon its personnel. The unexpected loss or departure of any of Pure's key officers or employees could be detrimental to the future operations and revenue of Pure. The success of Pure's business will depend, in part, upon Pure's ability to attract and retain qualified personnel as they are needed. There can be no assurance that Pure will be able to engage the services of such personnel or retain its current personnel.

PATENTS AND PROPRIETARY TECHNOLOGY

Pure's success depends, in part, on its ability to obtain and maintain patents, trade secret protection and operate without infringing the proprietary rights of others. There is no assurance that Pure will be granted such patents or proprietary technology or if granted such patents and proprietary technology will not be circumvented through the adoption of a competitive though non-infringing process or product. The cost of enforcing Pure's patent rights, if any, or defending rights against infringement charges by other patent holders, may be significant and could limit operations. Pure intends to vigorously enforce and protect its intellectual property.

COMPETITION

The bridge and building maintenance markets are highly competitive. Pure may have competitors with different but competitive applications to SoundPrint® that have greater financial, marketing, technological and manufacturing resources than Pure does. Direct competition for SoundPrint® and P-Wave in the water pipeline market segment does exist but is limited. There can be no assurance that the Corporation will be able to compete successfully with competitors or that its business will not be adversely affected by

increased competition or by new competitors. Furthermore, there can be no assurance that products or technologies developed by competitors or potential customers will not render Pure's products or technologies non-competitive or obsolete.

RESEARCH AND DEVELOPMENT

The ability of Pure to meet customer requirements will depend on the Corporation's ability to continuously improve and sustain the competitive advantages, which it believes it currently enjoys. Pure is currently devoting significant research and development efforts to further develop SoundPrint® and its other technologies. The ability of the Corporation to compete successfully will depend on the Corporation's ability to retain technically competent research and development staff and to adapt to technological changes and advances as required in each of its market segments. There can be no assurance that Pure will be successful in this effort or that it will have the resources available to meet this challenge.

FLUCTUATION OF EXCHANGE RATES

Pure enters into transactions in multiple currencies and is subject to gains and losses due to fluctuations between those currencies. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of Pure's revenue is earned in U.S. dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Corporation's business, financial condition and operating results. The Corporation intends to continue to expand operations internationally so it may be subject to additional gains and losses against additional currencies. The Corporation does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Corporation develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

FUTURE CAPITAL NEEDS

Pure may not be able to generate sufficient capital resources to develop and implement its business plan, including conducting additional testing, manufacturing and marketing of its products and continuing its research and development activities. Pure may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. Therefore, the ultimate success of Pure may depend upon its ability to raise additional capital. Pure believes it has sufficient resources to execute its short term strategies. Implementation of medium and long term strategies may require additional capital. There is no assurance that such capital will be available from any source or, if available, made or proposed on terms which are acceptable. If such capital is not available or is not available on reasonable terms, it may be necessary for Pure to limit its operations to those that can be financed with existing financial resources which could limit Pure's growth and may have a material adverse effect upon Pure.

The Company has a current line of credit in the amount of \$750,000 with a Canadian chartered bank. In normal circumstances, borrowers such as us rely on the fact that the banks will honour their contractual commitments to fund draws as required. In today's economic environment, there is a risk that our lender may not honour draws requested by us and thereby affect our ability to maintain our current strategy.

ACQUISITIONS

The Corporation acquired PPIC in August 2010 and Aqua Environmental in October 2010 and may engage in other selective acquisitions. There is a risk that it will not be able to identify suitable acquisition candidates available for sale at a reasonable price. It is likely to face competition for acquisition candidates from other parties including those that have substantially greater resources. Acquisitions may

involve a number of other risks, including: diversion of management's attention; disruption to its ongoing business; failure to retain key acquired personnel; difficulties in integrating acquired operations, technologies, products or personnel; unanticipated expenses, events or circumstances; assumption of disclosed and undisclosed liabilities; and inappropriate valuation of the acquired in-process research and development. In addition, if the Corporation proceeds with an acquisition, its available cash may be used to complete the transaction, diminishing its liquidity and capital resources or shares may be issued which could cause significant dilution to existing shareholders.

UNINSURED AND UNDERINSURED LOSSES

The sale and use of products and processes developed by Pure may entail potential liability and possible warranty claims. Pure may be subject to personal injury claims for injuries resulting from use of its products. Pure obtains and maintains, insurance coverage in respect of potential liabilities of Pure and the accidental loss of value of the assets from risks, in amounts, with such insurers, and on such terms, as Pure considers appropriate, taking into account all relevant factors including the practices of owners of similar assets and operations. Management believes that Pure has maintained insurance coverage in amounts sufficient to repair or replace any assets physically damaged or destroyed, including coverage for resultant business interruption losses, or extra expenses sustained, and to cover claims for bodily injury or property damage arising out of assets or operations. However, not all risk factors are covered by insurance, and no assurance can be given that insurance will be consistently available on an economically feasible basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving Pure or its assets.

FIXED PRICE CONTRACTS

Pure enters into fixed price manufacturing and installation contracts based upon estimates of technical risks and total production costs. These estimates, if materially inaccurate, can result in potentially large losses related to fulfilling the contractual obligations of Pure.

CREDIT RISK

A substantial portion of the accounts receivable of the Corporation are with customers that are municipalities or other governmental agencies. Pure does have exposure to one significant foreign customer and mitigates this exposure through the use of a letter of credit with a foreign institution. Although collection of these foreign receivables could be influenced by political and economic factors affecting this industry, management considers the risk of a significant loss to be remote at this time.

SOURCE OF SUPPLY OF RAW MATERIAL AND THIRD PARTY COMPONENTS

Third party components required for the manufacturing of products by Pure can be procured from multiple sources at competitive prices. Certain third party components are not readily available "off-the-shelf" and are subject to significant lead-times from suppliers. These lead times may cause delays in the production of products that may result in cost overruns. Pure endeavors to confirm price and delivery for all critical components prior to entering into contracts with customers.

DEVELOPMENT OF NEW PRODUCTS

From time to time, Pure develops new products of a specialized nature that have inherent risks. The major risks include:

- (a) technical risk that either the product does not perform as desired or unacceptable reliability issues render the new product un-merchantable; and

- (b) supplier risk that required modules, components and engines procured from third party vendors, do not perform in an acceptable manner, thereby having an adverse impact on marketability of such new products and the Corporation's product liability.

SHORTAGE OF QUALIFIED PERSONNEL AND PARTS AND RAW MATERIALS

Pure has and continues to experience a shortage of skilled labour and other qualified personnel. In addition, due to the current levels of activity, certain third party components can be in short supply or have long lead times. Pure is continuously seeking ways to hire the personnel it needs, including project managers, engineers and other employees with the required skills. Pure is continuously seeking ways to obtain the materials required. Dedicated suppliers, commitments to purchase quantity and increasing inventories are some of the ways Pure is attempting to ensure materials are available when required. Notwithstanding the recent economic slowdown, Pure believes the labour and material shortages will continue to be a challenge for the foreseeable future. The inability to retain or recruit skilled personnel or obtain key materials could have a material adverse effect on Pure's business, financial condition, results of operations and cash flows.

INTERNATIONAL SCOPE OF OPERATIONS

The Corporation's international operations are significant and it intends to continue to expand these international operations. Pure's foreign operations face additional specific local risks, which may adversely affect the Corporation including: changes in legal and regulatory requirements (including tariffs and other trade barriers); less favorable intellectual property laws; changes to local tax rates and other potentially adverse tax consequences; collectability of accounts in foreign jurisdictions; and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.

The Corporation has been providing technologies and services to the GMRA, an agency of the Government of Libya, since 2000. The Corporation has an excellent working relationship with GMRA and has had no payment disputes. The monitoring technologies and services provided by the Corporation under various contracts are considered by the GMRA to be an essential component in ensuring the long-term integrity of the Authority's pipeline network. Except for occasional visa complications, the Company has not encountered any political interference in its operations to date. Recent events in Libya, however, including the introduction of economic sanctions by the United Nations Security Council, the Government of Canada and other countries, have increased the risk of potentially detrimental impact on the Corporation's relationship with and continuing business with GMRA. The Corporation does not believe that its performance of existing contracts with GMRA are prohibited by the current sanctions. However, the situation is fluid and may be subject to change at short notice. In February 2010, the Corporation removed its expatriate employees from Libya until the situation stabilizes and it is safe to return. The Corporation's ability to execute the contracts with the GMRA may be compromised by the current political situation in the country.

TRANSFER PRICING

The Corporation conducts business operations in various jurisdictions and through legal entities in Canada, United States, Mexico, Australia, and the UK. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles and that contemporaneous documentation must exist to support that pricing. The taxation authorities in the jurisdictions where it carries on business could challenge Pure's arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Corporation's transfer pricing policies, its income tax expense may be adversely affected and it could also be subjected to interest and penalty charges. Any such increase in its income tax expense and related interest and penalties could have a significant impact on its future earnings and future cash flows.

OTHER TAX MATTERS

Although management is of the view that all expenses and tax credits claimed by the Corporation, including research and development expenses and investment tax credits, are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree. If the Canadian taxation authorities successfully challenge such expenses or the correctness of such income tax credits claimed, the Corporations operating results could be adversely affected. If the Canadian taxation authorities reduce the tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, its operating results could be adversely affected.

DIVIDENDS

To date, the Corporation has not declared or paid any dividends and does not intend to pay dividends on the Common Shares in the foreseeable future. The present policy of the board of directors of the Corporation is to retain funds for reinvestment in the growth and development of the Corporation. The Corporation does not anticipate changing this policy in the foreseeable future.

DESCRIPTION OF SHARE CAPITAL

As of March 16, 2011, the Corporation had 44,664,995 Common Shares issued and outstanding and no preferred shares issued and outstanding. The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

COMMON SHARES

The holders of Common Shares are entitled to notice of and to attend and vote at all meetings of shareholders, to receive any dividend declared by the Corporation, to receive the remaining property of the Corporation upon dissolution of the Corporation and to the rights, privileges and restrictions normally attached to common shares.

PREFERRED SHARES

Preferred Shares may from time to time be issued in one of more series and the directors may fix from time to time before each such series is issued the number of preferred shares which are to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series including any voting rights attached thereto, the rate or amount of dividends, the terms and conditions of redemption, purchase or conversion and any sinking fund or other provisions. The Preferred Shares shall rank in priority to all voting and non-voting Common Shares with respect to a distribution of assets upon the liquidation, dissolution or winding-up of the Corporation.

MARKET FOR THE SECURITIES OF THE CORPORATION

The Common Shares are listed on the TSXV under the trading symbol "PUR". The following table sets forth the price range of the shares on the TSXV as well as the volume of these shares traded each month for the year ended December 31, 2010.

TRADING HISTORY

Month (2010)	High (\$)	Low (\$)	Volume Traded
January	5.30	4.21	344,202
February	5.20	4.41	254,939
March	4.75	4.23	909,379
April	4.80	4.00	362,659
May	4.55	4.00	267,938
June	4.50	4.00	440,842
July	4.75	4.06	353,677
August	4.68	3.98	496,373
September	4.40	4.07	302,387
October	4.50	3.67	1,846,474
November	5.20	4.21	1,749,396
December	5.00	4.41	493,259

DIRECTORS AND OFFICERS

The following table and subsequent notes provide the names, city, province and country of residence, their respective positions and offices held with the Corporation, the period during which each director has served as a director and the principal occupation during the five preceding years for the directors and executive officers of the Corporation as at March 16, 2011. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

Name and Municipality	Office(s) with the Corporation	Principal Occupation and Positions During the Last Five Years	Director Since
James E. Paulson ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada	Chairman and Director	Chairman of the Corporation and President of Yellowbird Products Limited, a private investment company with interests in oil and gas, real estate and technology	December 1996
Peter O. Paulson Calgary, Alberta, Canada	Chief Executive Officer, Chief Technology Officer and Director	Chief Executive Officer and Chief Technology Officer of the Corporation and Vice President of Yellowbird Products Limited, a private investment company with interests in oil and gas, real estate and technology	December 1996
Charles W. Fischer ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada	Director	May 2009 to present - Director June 2001 to December 2008 - President and Chief Executive Officer, Nexen Inc	May 2009
Michael M. Kanovsky ⁽¹⁾ Victoria, British Columbia, Canada	Director	President of Sky Energy Corp., a private energy and investment company	May 2003
David McDermid ⁽²⁾ Calgary, Alberta, Canada	Director	President of Ghost River Investments Ltd., a private holding company.	May 2008
Scott MacDonald Toronto, Ontario, Canada	Director	Partner, Emerald Technologies Ventures Inc.	August 2010
John F. Elliott Calgary, Alberta, Canada	President and Chief Operating Officer	President and Chief Operating Officer of the Corporation since January 2009 and prior thereto various other positions with the Corporation	n/a
Karen Keebler Calgary, Alberta, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since July 2006 and prior thereto controller of a private manufacturing company	n/a

Name and Municipality	Office(s) with the Corporation	Principal Occupation and Positions During the Last Five Years	Director Since
Mark W. Holley Columbia, Maryland, U.S.A.	President (Pure Technologies U.S. Inc.)	President of Pure Technologies U.S. Inc. since May 2008	n/a
Michael Wrigglesworth Calgary, Alberta, Canada	Vice President, Middle East and Africa	Vice President of Pure Technologies Ltd. since November 2006 and prior thereto sales engineer of the Corporation	n/a
John Rees-Stoner Guildford, Surrey, UK	Managing Director, Price Brothers (UK) Ltd.	Managing Director of Price Brothers (UK) Ltd. since May 1987 and prior thereto various other positions with the Corporation	n/a
Brian Mergelas Etobicoke, Ontario, Canada	Senior Vice President, Corporate Strategy & Development	Senior Vice President of Pure Technologies Ltd. since August 2010 and prior thereto CEO of a private inspection services company	n/a

Notes:

- (1) Audit Committee member.
- (2) Compensation Committee member

As of March 16, 2011, 7,178,024 Common Shares were beneficially owned or controlled, directly or indirectly, by the directors and officers of the Corporation as a group, representing approximately 16% of the issued and outstanding Common Shares. In addition, the directors and officers of the Corporation hold stock options entitling them to acquire up to 1,979,000 Common Shares.

Information concerning the number of Common Shares held by directors and officers of the Corporation, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers.

The Corporation currently does not have, nor does it require, an Executive Committee of the board of directors. All of the directors of the Corporation were directors as at December 31, 2010 and hold such positions until the next annual meeting of the shareholders.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

No director, executive officer or controlling security holder of the Corporation, is as at the date hereof or has been, within the 10 years before the date hereof, a director or executive officer of any other company that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (ii) was subject to cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days 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; or
- (iii) 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.

No director, executive officer or controlling security holder of the Corporation is, as at the date hereof or has been within the 10 years before the date hereof:

- (i) 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
- (ii) has 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 Corporation's knowledge no director, executive officer or controlling security holder of the Corporation, has been subject to:

- (i) 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
- (ii) 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.

PERSONAL BANKRUPTCIES

None of the directors, officers or controlling security holders of the Corporation have in the 10 years preceding the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

AUDIT COMMITTEE INFORMATION

AUDIT COMMITTEE CHARTER

The Corporation's Audit Committee charter sets out the committee's purpose, organization, reporting duties, and responsibilities. A copy of the charter is attached hereto as Appendix "A".

COMPOSITION OF AUDIT COMMITTEE

The Corporation's Audit Committee is comprised of Michael M. Kanovsky (Chair), James E. Paulson and Charles Fischer, all of whom are financially literate and, except in the case of Mr. Paulson, independent, as such terms are defined in Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). The Corporation is exempt under Part 6 of MI 52-110 from the requirements of Part 3 (Composition of Audit Committee). The following section presents the relevant education and experience of each member of the Audit Committee which provides them with:

- (a) the understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles;

- (c) the experience in establishing, auditing, analyzing or evaluating these accounting principles; and
- (d) the understanding of internal control and procedures for financial reporting.

RELEVANT EDUCATION AND EXPERIENCE

Michael M. Kanovsky of Victoria, British Columbia is a professional engineer with a degree in mechanical engineering from Queen's University and a Masters of Business Administration from the Ivey Business School. Mr. Kanovsky was Vice President of Corporate Finance for Western Canada for a large Canadian investment dealer, prior to co-founding Northstar Energy Corporation in 1978. Mr. Kanovsky served on Northstar Energy Corporation's board of directors until it was acquired by Devon Energy Corporation in 1998. Mr. Kanovsky is President of Sky Energy Corp., a private energy and investment company and currently active in the energy industry. He is currently a director of., Devon Energy Corporation, ARC Energy Trust, Bonavista Energy Trust, TransAlta Corporation, Argosy Energy Inc. and several private companies.

James E. Paulson of Calgary, Alberta received his Bachelor of Commerce degree from the University of Calgary and his Masters of Business Administration from the University of Western Ontario. He has been President or Vice President of Yellowbird Products Ltd. since 1976. He is an officer and director of various private companies with interests in real estate, oil and gas, technology and financial investments.

Charles W. Fischer of Calgary, Alberta graduated from the University of Calgary with a degree in Chemical Engineering in 1971, and again with a Masters of Business Administration in 1982. Mr. Fischer was Vice President, Planning and Development for Bow Valley Industries, and then served as President and Chief Executive Officer of Encor Energy until it was acquired by Talisman Energy in 1993. Mr. Fischer served as Director, President and Chief Executive Officer of Nexen Inc. until his recent retirement, and is a Board member of Enbridge Inc., Enbridge Income Fund Holding Inc., Canada West Foundation, and the Calgary Airport Authority Business Development Advisory Council. He has served on numerous Boards, including Nova Chemicals, Syncrude Canada Limited, Alberta Economic Development Authority, University of Calgary Board of Governors, Alberta Climate Change Central Board and the C.D. Howe Institute.

PRE-APPROVAL POLICIES AND PROCEDURES

The Corporation's Audit Committee charter requires the Audit Committee to pre-approve all non-audit services to be provided to the Corporation or any of its subsidiary entities by the Corporation's external auditor or the external auditor of the Corporation's subsidiaries entities, provided that the Audit Committee may satisfy the pre-approval requirement by either delegating to one or more members of the Audit Committee the authority to pre-approve non-audit services or adopting specific policies and procedures for the engagement of non-audit services.

EXTERNAL AUDIT FEES BY CATEGORY

At the annual shareholders' meeting held on May 14, 2009, the shareholders appointed KPMG LLP as the auditor of the Corporation. KPMG LLP has served as the external auditor of the Corporation since 1997. The following table lists the fees paid to KPMG LLP, by category, for the last two fiscal years:

	Fees for the Year Ended December 31	
	2009	2010
Audit Fees	\$211,500	\$234,900
Audit-related Fees	nil	Nil
Tax-related Fees	\$95,100	\$ 93,400
Total Fees	\$306,600	\$328,300

AUDIT FEES

Audit fees were paid for professional services rendered by the auditors for the audit of Pure's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of Pure's interim financial statements.

AUDIT-RELATED FEES

Audit-related fees consist of fees for assurance and related services that are related to the performance of the audit or review of Pure's financial statements and are not reported as Audit Fees.

TAX-RELATED FEES

Tax-related fees consist of fees for tax compliance services, tax advice and tax planning for the Corporation and its subsidiaries.

COMPENSATION COMMITTEE INFORMATION

COMPENSATION COMMITTEE CHARTER

The Corporation's Compensation Committee charter sets out the committee's purpose, organization, reporting duties and responsibilities. A copy of the charter is attached hereto as Appendix "B".

COMPOSITION OF AUDIT COMMITTEE

The Corporation's Compensation Committee is comprised of David H. McDermid (Chair), James E. Paulson and Charles W. Fischer.

RELEVANT EDUCATION AND EXPERIENCE

David H. McDermid of Calgary, Alberta received his BA and LLB from the University of Alberta and LLM from the London School of Economics. He practised law with Bennett Jones LLP and was a partner and chief operating partner of that firm at the time of his retirement in 2000. He is now President and a major shareholder in Ghost River Investments Ltd. a private holding company with interests in a diverse portfolio of public and private investments. He is an officer and director of various private companies as well as an officer and director of several not-for-profit organizations.

James E. Paulson of Calgary, Alberta received his Bachelor of Commerce degree from the University of Calgary and his Masters of Business Administration from the University of Western Ontario. He has been President or Vice President of Yellowbird Products Ltd. since 1976. He is an officer and director of various private companies with interests in real estate, oil and gas, technology and financial investments.

Charles W. Fischer of Calgary, Alberta graduated from the University of Calgary with a degree in Chemical Engineering in 1971, and again with a Masters of Business Administration in 1982. Mr. Fischer was Vice President, Planning and Development for Bow Valley Industries, and then served as President and Chief Executive Officer of Encor Energy until it was acquired by Talisman Energy in 1993. Mr. Fischer served as Director, President and Chief Executive Officer of Nexen Inc. until his recent retirement, and is a Board member of Enbridge Inc., Enbridge Income Fund Holding Inc., Canada West Foundation, and the Calgary Airport Authority Business Development Advisory Council. He has served on numerous Boards, including Nova Chemicals, Syncrude Canada Limited, Alberta Economic Development Authority, University of Calgary Board of Governors, Alberta Climate Change Central Board and the C.D. Howe Institute.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Annual Information Form, no insider, director or executive officer, of the Corporation or person that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than ten percent of the outstanding Common Shares or any associate or affiliate of any of such persons has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation.

CONFLICTS OF INTEREST

Certain directors of the Corporation are associated with other companies, which may give rise to conflicts of interest. In accordance with the ABCA, directors who have a material interest in any person who is a party to a material contract or proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the best interest of the Corporation.

MATERIAL CONTRACTS

During 2007, the Corporation entered into a contract with the GMRA in Libya for the supply and service of SoundPrint® AFO acoustic monitoring equipment. The total value of the contract is \$14 million and includes technical support and warranty of equipment for 30 months following the installation of the equipment. The total value of the contract is secured by a letter of credit held at a foreign finance institution. The equipment portion of the contract was delivered in 2007 and early 2008. The equipment has been installed. In March 2009, a change order for an additional 15% of the contract value was awarded. This equipment was shipped in March 2009 and is currently being installed. The contract also included technical support and extended warranty which continues through to November 2012. In December 2009, a proposal was approved through a letter of intent for additional equipment on the project. The contract was finalized in 2010 and secured by a letter of credit held with a Libyan bank. This contract is valued in excess of \$30,000,000. Shipments of equipment occurred in 2009 and 2010. The final shipment for the contract is scheduled for 2011.

LEGAL PROCEEDINGS

The Corporation and its subsidiaries are from time to time involved in various claims and litigation arising in the normal course of business. The Corporation is not aware of any material legal proceedings involving the Corporation, its subsidiaries or their respective property.

REGISTRAR AND TRANSFER AGENT

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

INTERESTS OF EXPERTS

The Corporation employs the accounting firm KPMG LLP to audit its year-end financial statements before distribution to shareholders. Audit representatives meet with the Audit Committee of the board of directors prior to the release of quarterly or annual financial information. The Corporation also uses KPMG LLP to provide tax services, but does not use KPMG LLP to provide any other consulting services.

Our auditors, KPMG LLP, have confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including information as to the remuneration of the directors and officers of the Corporation and information concerning principal holders of the Corporation's securities are contained in the Management Proxy Circular of the Corporation dated May 5, 2011. Additional financial information is provided in Pure's financial statements and MD&A for the year ended December 31, 2010, which, together with other information concerning the Corporation, may be found on SEDAR at www.sedar.com.

APPENDIX "A"

AUDIT COMMITTEE CHARTER

1. Purpose

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Company to any governmental body or the public; the Company's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system;
- Over see the accuracy and completeness of the Company's financial statements and related management discussion and analysis;
- Review and appraise the audit efforts of the Company's external auditors;
- Provide an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- Oversee the Company's compliance with legal and regulatory requirements; and
- Any additional duties set out in this Charter or otherwise delegated to the Committee by the Board of Directors.

While the Committee has the responsibilities and powers set forth in this Charter, the role of the Committee is oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**") as applicable and as the case may be. These are the responsibility of management and the Corporation's external auditor.

2. Composition

The Board of Directors will in each year appoint a minimum of three (3) directors ("**Directors**") as members of the Committee. A majority of the Committee shall be "independent" Directors as such term is defined in National Instrument 52-110 – *Audit Committees*, such that each member of the Committee shall have no direct or indirect relationship with the Company that could, in the view of the Board of Directors, reasonably interfere with the exercise of his or her independent judgment.

The Board of Directors will in each year appoint a chairman of the Committee (the "**Committee Chair**"). In the Committee Chair's absence, or if the position is vacant, the Committee may select another member as Committee Chair. The Committee Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members of the Committee as appropriate prior to the exercise of any powers and will, in any event, advise all other members of the Committee of any decisions made or powers exercised.

All members of the Committee shall be financially literate. While the Board of Directors shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include 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.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or any portion of any Committee meeting shall be determined by the Committee Chair or by the members of the Committee.

3. Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee should meet at least annually with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

4. Authority

The Audit Committee has the authority to:

- a) Engage, at the Company's expense, independent counsel and other experts and advisors as it determines necessary to carry out its duties;
- b) To set and pay the compensation for any advisors employed by the audit committee; and
- c) To communicated directly with the internal and external auditors.

5. Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

DOCUMENTS / REPORTS REVIEW

- a) Review and update this Charter periodically, at least annually;
- b) Review the audited annual financial statements of the Company as prepared by management in conjunction with the external auditors, the related management discussion and analyses and the associated press releases for submission to the Board of Directors for approval;
- c) Review the unaudited quarterly financial statements of the Company as prepared by management, the related management discussion and analyses and the associated press releases for submission to the Board of Directors for approval;
- d) Review any earnings press releases or other financial information submitted to any governmental body or to the public;
- e) Review with management and the external auditor, significant accounting practices employed by the Company and disclosure issues, including complex or unusual transactions, judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under GAAP or IFRS, as the case may be, for material transactions, with a view to gaining reasonable assurance that the accounting policies and critical accounting estimates are appropriate and that the financial statements are accurate within reasonable levels of materiality, complete, do not contain any misrepresentations and present fairly the Company's financial position and results of operations in accordance with GAAP or IFRS, as the case may be;

- f) Review and assess any new or proposed developments in accounting and reporting standards that may affect or have an impact on the Company;
- g) Confirm through discussions with management and the external auditor that GAAP or IFRS, as the case may be, and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
- h) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of the Company;
- i) Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future affect on the Company's financial statements, and the manner in which these have been disclosed in the financial statements;
- j) Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future affect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- k) Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and/or quarterly filings with applicable securities regulatory authorities;
- l) Review disclosures made by the Chief Executive Officer and Chief Financial Officer to the Company during their certification process for annual and/or quarterly financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Company who have a significant role in the Company's internal controls; and
- m) Review or satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted from the Company's financial statements and periodically assess the adequacy of those procedures.

EXTERNAL AUDITORS

- a) Recommend to the Board of Directors the selection of external auditors, considering independence and effectiveness and approve the fees and other compensation to be paid to the external auditors;
- b) Review the performance of the external auditors and approve any proposed replacement of the external auditors when circumstances warrant;
- c) At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Company and its subsidiaries, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Company, and consider whether it is appropriate to recommend to the Board of Directors a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board;

- d) Review management's plans for an orderly transition to a new external auditor, if required;
- e) Pre-approve, in accordance with applicable law, any non-audit services to be provided to the Company or its subsidiary entities by the external auditor with reference to compatibility of the service with the external auditor's independence. The Audit Committee may satisfy the pre-approval requirement by either delegating to one or more members of the Audit Committee the authority to pre-approve non-audit services with the members of the Committee being informed of any such pre-approvals at the next regularly scheduled meeting of the Committee or adopting specific policies and procedures for the engagement of non-audit services; and
- f) The external auditor will report directly to the Committee and will be accountable to the Committee and the Board of Directors, as representatives of the Shareholders.

In its role as liaison with the external auditor the Committee will:

- i. resolve any disagreements between management and the external auditor regarding financial reporting;
- ii. review all material written communications between the external auditor and the Company, including any post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up on identified weaknesses; and
- iii. meet with the external auditor independently from management and without management present at least annually to discuss and review specific issues and any significant matters that the auditor may wish to bring to the Committee for its consideration.

FINANCIAL REPORTING PROCESS

- a) Review and monitor the quality and integrity of the organization's system of internal control, disclosure control and management information systems through discussions with management and the external auditor;
- b) Periodically consult with the external auditors out of the presence of management about internal controls and fullness and accuracy of the organization's financial statements;
- c) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- d) Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by the external auditors and management;
- e) Oversee investigations of alleged fraud and illegality relating to the Company's finances and any resulting actions; and
- f) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and for the protection from retaliation of those who report such complaints in good faith.

PROCESS IMPROVEMENT

- a) Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments;
- b) Following completion of the annual audit, review separately with each of management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- c) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- d) Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards or that relate to the external auditor;
- e) Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies;
- f) Review with the external auditors and management the extent to which changes or improvements in financial or accounting practices as approved by the Audit Committee have been implemented;
- g) Review, independently from management and without representatives of management present, the results of the annual external audit, the audit report thereon and the auditor's review of the related management discussion and analyses, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.

ETHICAL AND LEGAL COMPLIANCE

- a) Establish, review and update periodically a Code of Conduct (the "**Code**") and ensure that management has established a system to enforce the Code;
- b) Review management's monitoring of the Company's compliance with the organization's Ethical Code, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements;
- c) Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- d) Establish procedures for the confidential, anonymous submission by employees of the Company regarding questionable accounting or auditing matters;
- e) Review with the organization's counsel legal compliance matters as appropriate;
- f) Review with the organization's counsel any legal matter that could have a significant impact on the financial statements;
- g) Review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor; and
- h) Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.

6. REGULATORY COMPLIANCE

The Committee will review with management the Company's relationship with regulators and the timeliness and accuracy of the Company's filings with regulatory authorities.

7. RELATED PARTY TRANSACTIONS

The Committee will review with management all related party transactions and the development of policies and procedures related to those transactions.

8. COMPLAINT PROCEDURES

The Committee will establish and review procedures relating to the receipt, retention and treatment of complaints received by the Company respecting accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters.

9. ADMINISTRATIVE MATTERS

The following general provisions shall have application to the Committee:

- a) A quorum of the Committee shall be the attendance of two (2) members thereof. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee.
- b) Any member of the Committee may be removed or replaced at any time by resolution of the Board of Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the annual meeting of Shareholders next following the date of appointment as a member of the Committee or until a successor is duly appointed.
- c) The Committee may invite such officers, directors and employees of the Company and its subsidiaries as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.
- d) The time and place for the Committee meetings, the calling and the procedure at such meetings shall be determined by the Committee having regard to the by-laws of the Company.
- e) The Committee Chair shall preside at all meetings of the Committee. In the absence of the Committee Chair, the other members of the Committee shall appoint a representative amongst them to act as Committee Chair for that particular meeting.
- f) Notice of meetings of the Committee may be given to the external auditor and shall be given in respect of meetings relating to the annual audited financial statements. The external auditor has the right to appear before and to be heard at any meeting of the Committee. Upon the request of the external auditor, the Committee Chair shall convene a meeting of the Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or Shareholders of the Company.
- g) The Committee shall report to the Board of Directors on such matters and questions relating to the financial position of the Company as the Board of Directors may from time to time refer to the Committee.

- h) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Company, and to discuss such books and records that are in any way related to the financial position of the Company with the officers and employees of the Company and its subsidiaries and the external auditor of the Company.
- i) The Committee shall meet, in separate, non-management, in camera sessions at each regularly scheduled meeting.
- j) Minutes of the Committee meetings shall be recorded and maintained. The Committee Chair will report to the Board on the activities of the Committee and/or the minutes of the Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of the Board of Directors.

"APPENDIX B"

Compensation Committee Charter

1. Purpose

The purpose of the Compensation Committee is to discharge the responsibilities of the Company's Board relating to compensation of Pure's executives and staff. The Committee determines compensation of all of Pure's senior officers and provides guidance to management on general compensation matters. The Committee holds meetings as required. The Committee also works closely with Pure's management on its employee stock option program, seeking to balance the trade-off between attracting, retaining, and rewarding a high-performing work force and shareholder dilution.

2. Membership and attendance at meetings

- a) The members of the Committee shall consist of 3 directors appointed by the Board.
- b) The chair of the Committee shall be designated by the Board.
- c) Attendance by invitation at all or a portion of the Committee meetings is determined by the Committee chair or its members and would normally include the Chief Executive Officer or the Chief Financial Officer, and such other corporate officers or support staff as may be deemed appropriate.

3. Responsibility

- a) Conduct a periodic review, not less than annually, of Pure's officers' salaries, general salary structure and employee benefit plans, including the employee stock purchase plan and stock options grants.
- b) Review incentive bonus arrangements for senior officers and overall incentive program for staff.
- c) Ensure compliance with compensation disclosure requirements and approves the report on executive compensation for the Management Information Circular.
- d) Reviews the adequacy of director compensation and ensures that it realistically reflects the responsibilities and risk involved in being an effective director.
- e) Reviews senior officer performance and succession plans with the Board annually.
- f) At the request of the Board, consider any other matters which would assist the directors to meet their responsibilities regarding compensation matters.
- g) Report to the Board as required.