



PURE TECHNOLOGIES LTD.

ANNUAL INFORMATION FORM

**FOR THE YEAR ENDED
DECEMBER 31, 2009**

March 24, 2010

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

"**GMRA**" means the Management and Implementation Authority of the Great Man-Made River Project, an Authority of the Government of Libya;

"**Major Transaction**" means a transaction whereby a junior capital pool company, as defined in Policy 4.11;

- (i) issues securities representing more than 25% of its securities issued and outstanding immediately prior to the issuance, in consideration for the acquisition of significant assets,
- (ii) enters into an arrangement, amalgamation, merger or reorganization with another issuer with significant assets, whereby the ratio of securities which are distributed to the two sets of security holders results in the security holders of the other issuer acquiring control of the resulting entity, or
- (iii) otherwise acquires significant assets,

and excludes a transaction whereby, prior to completion of the Major Transaction, a junior capital pool company issues, for cash, securities representing more than 25% of its securities issued and outstanding immediately prior to the issuance;

"**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;

"**Price**" means Price Brothers (UK) Ltd., a corporation incorporated pursuant to the laws of the United Kingdom;

"**Pure**" means the Corporation and its subsidiaries including Price, PureService, Jason Consultants LLC, Jason Consultants Ltd. and Pure U.S.;

"**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

Certain statements contained in this Annual Information Form constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "continue", "project", and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such forward-looking statements reflect the Pure's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including, without limitation, dependence on key personnel, uncertainties associated with establishing a new business, reliance on patents and proprietary technology, competition, success of research and development, fluctuation of exchange rates, potential product liability and warranty claims, ability to manage business growth and future capital needs. Many factors could cause Pure's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including among others, those which are discussed under the heading "Risk Factors". Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Corporation cautions that undue reliance should not be placed on forward-looking statements. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable laws.

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. 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.

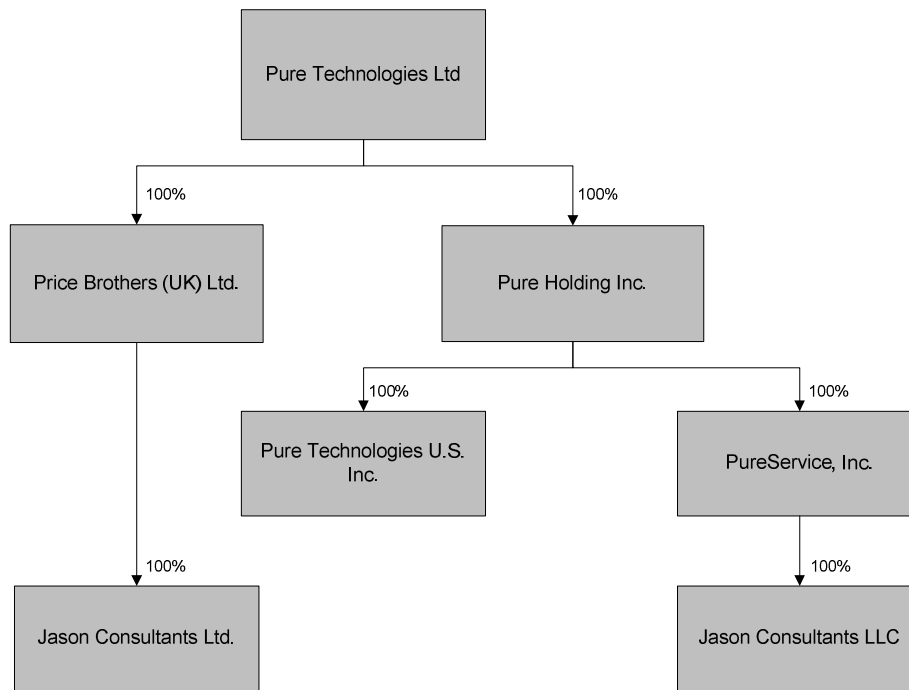
On May 9, 2008, the Corporation acquired all the outstanding shares of Price Brothers (UK) Ltd. ("Price"), a corporation incorporated pursuant to the laws of the United Kingdom.

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

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, acquired all the outstanding shares of Jason Consultants Ltd., a corporation incorporated pursuant to the laws of the United Kingdom.

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 Technologies is a world leader in the development and application of innovative technologies for inspection, monitoring and management of physical infrastructure. From monitoring the health of large bridges to protecting pipelines, our 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 managed and monitored. Our optical fibre distributed acoustic sensing systems are being used to monitor massive water pipelines across the globe. Our revolutionary new SmartBall[®] leak detection system detects and locates tiny leaks in oil, gas and water pipelines.

2007 REVIEW

Consolidated revenue for the year was \$14.7 million, an increase of 70% from the previous year. The principal reason for the increase was a significant contract from the Great Man-Made River Authority (GMRA) in Libya. This multi-year contract to provide SoundPrint[®] AFO systems for long term pipeline monitoring contributed \$7.1 million in revenue for the year.

In the latter half of 2007, Pure introduced, on a commercial basis, a new and innovative leak detection technology, SmartBall[®]. SmartBall is a free-swimming foam ball with an instrument-filled aluminum alloy core capable of detecting and locating very small leaks and gas pocket leaks in pipelines. While this product contributed only \$275,000 in its first year of deployment, revenue was expected to grow significantly over the next 5 years.

Gross margin increased from 57% in 2006 to 65% in 2007. Increased monitoring and technical support revenue, along with more effective cost management on projects, accounted for this

increase in margin. EBITDA for the year was \$2.79 million compared to a loss in 2006 of \$1.55 million. Earnings also increased to \$2.02 million from a previous loss of \$3.95 million.

Additional resources were directed to the marketing activities of the Corporation in both the US and international markets. Late in 2006, a full time employee was situated in Libya to manage the GMRA project. Additional staff was added in the US subsidiaries to enhance the direct presence of Pure in that market. Efforts were centered on SoundPrint® AFO and the new SmartBall® technology.

In April 2007, the Corporation completed an equity financing for a total of 7,894,736 Common Shares for net proceeds of \$13,914,998.51. In conjunction with the equity financing, 789,473 agent's warrants were issued with an exercise price of \$1.90. 632,441 of the agent's warrants were exercised and 157,032 expired.

Late in 2007, the Corporation sold its subsidiary, PureTech Systems Inc. The business was not core to the strategy on long term monitoring of pipelines, bridges and structures.

2008 REVIEW

In 2008, consolidated revenue increased by 50%. The majority of the increase resulted from the efforts in the US market with revenue growing from \$5.5 million in 2007 to \$10.4 million in 2008. The remaining equipment from the GMRA 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 due to 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 US.

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

EBITDA decreased from \$2.79 million to \$1.67 million while earnings rose from \$2.02 million to \$2.26 million. The decrease in EBITDA was due to the increased marketing and operational expenses but was offset by a large foreign currency gain.

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

2009 EBITDA increased significantly from \$1.7 million to \$4.5 million while earnings decreased by 34%. 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 GMRA in Libya triggered the increase which is expected to continue in 2010. The WSSC contract was the source for the increase in consulting revenue of 109%. Earnings decreased due to a large foreign exchange loss.

During the second quarter of 2009, Pure acquired the assets of Pipe Eye International, a provider of long-range specialty robotic inspection services. The acquisition positions Pure into the premium robotic inspection service market. The intention is to develop and add enhanced capabilities to the existing systems that will provide water and wastewater agencies with better information about the state of their buried infrastructure. A Form 51-102F4 was not required to be filed in respect of this acquisition.

On September 25, 2009, Pure acquired the operating subsidiaries of Jason Consultants Group Ltd. ("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 wastewater pipelines; trenchless technology; and related underground infrastructure fields. A Form 51-102F4 was not required to be filed in respect of this acquisition.

Resources were directed to the international market to establish Pure's products in a number of regions. Pure has established a branch office in Abu Dhabi 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 hydrocarbons.

DESCRIPTION OF BUSINESS

Pure provides monitoring and surveillance of critical physical infrastructure utilizing patented and proprietary technologies. Pure has developed, and continues to develop, unique technologies primarily focused on the water and wastewater industry, bridges, buildings and parking structures, and oil and gas pipelines. 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.

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. The 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 copyrighted 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

SoundPrint® AFO (patented) is an acoustic fibre-optic monitoring system for structural monitoring in pre-stressed concrete water and wastewater pipelines, 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 extremely long lengths of pipelines from a single access point.

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

P-Wave®

P-Wave® is a patented proprietary non-destructive testing technology that utilizes 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. Combined with SoundPrint®, P-Wave® provides a comprehensive asset management package for managers and owners of this type of infrastructure. P-Wave® is able to identify sections or areas of pipeline requiring immediate repair or continued monitoring. Inspection

data collected daily can be analyzed "on the spot" to identify areas of potential concern. As with SoundPrint®, P-Wave® makes 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®, are realized from the execution of inspections using the P-Wave® equipment and from the generation of reports summarizing the condition of the pipelines.

SmartBall®

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

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 wastewater infrastructure.

Openaka (a division of PureService, Inc.,) is a nationally recognized consulting engineering firm specializing in assessing, repairing, and managing pipelines, with a major focus on Prestressed Concrete Cylinder Pipes (PCCP).

Price 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 Great Man-Made River Project (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.

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		
	2009	2008	2007
Equipment Sales	18,740,321	13,353,697	11,553,696
Inspection Services	3,310,190	3,513,868	1,145,736
Consulting Services	5,892,191	2,820,243	418,108
Monitoring and technical support	3,730,547	2,479,578	1,629,052
Total	31,673,249	22,167,386	14,746,592

Revenue is derived from the following markets:

	Year Ended December 31		
	2009	2008	2007
Water and wastewater	89%	83%	84%
Bridges	2%	5%	6%
Buildings and structures	9%	12%	10%

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 suspension bridges, cable-stayed bridges, water and wastewater pipelines, water reservoirs, buildings, parking structures, and dams.

Pure's principal markets are the water and wastewater industry, bridges and post-tensioned buildings. Historically, the majority of Pure's revenue has been generated directly and through its US subsidiary in North America (U.S. and Canada) and North Africa (Libya). However, several bridge monitoring and pipeline inspection projects have been undertaken in Europe and leak detection work has been done in South Africa, Australia and South America, usually in partnership with third parties. 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.

The GMRA contract accounted for more than 15% of revenue in 2007, 2008 and 2009.

DISTRIBUTION AND LICENSING

Pure markets and sells its SoundPrint® and P-Wave® technologies directly in the North American market through its subsidiaries and overseas through its branch offices in Benghazi, Libya and Abu Dhabi, United Arab Emirates. 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, Northern Africa and China, and directly elsewhere. The Corporation has licensed its SmartBall® leak detection system to Mouchel plc in the UK, Applus RTD in the Benelux countries, CLH in Spain, and Rand Water Services in South Africa, and is currently negotiating licenses in other territories.

The Corporation recently terminated a wide-ranging license agreement with Advitam Group, a French company, in order to take more direct control over overseas markets. Pure believes it has good relationships with its key suppliers, with whom it maintains close contact, and keeps critical components in stock so that it can respond quickly to business opportunities.

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 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 and in some cases no direct competition exists; however, the bridge, water and wastewater 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 wastewater 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 wastewater pressure pipelines, Pure's 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, Pure's 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 Pure 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 services.

Further development of traditional P-Wave[®] equipment and applications is ongoing. With the introduction of robotics, Pure is pursuing development of P-Wave[®] robotics so that unmanned inspections can be completed without having to fully dewater a pipeline and where size restrictions made it impossible for manned inspections.

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

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:

2007	\$1,296,279
2008	\$1,694,599
2009	\$1,498,341

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 [®]	US, Spain, France, UK, Canada
SoundPrint [®] AFO	Canada, US, Europe, Libya
P-Wave [®]	Canada, Europe, US, Libya
SmartBall [®]	Eurasia Patents pending in: Canada, US, Brazil, UAE, China, Europe, Hong Kong, Israel, India, Mexico, New Zealand, Singapore, Australia

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. Pure continues to develop its other revenue streams to offset the reduction in equipment sales. As well, focus is placed on the international market during the 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.	56
Pure Technologies US Inc.	21
PureService, Inc.	7
Price Brothers (UK) Ltd.	21
Pure Libya	2
Pure Abu Dhabi	1
Total	108

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 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 dependant 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 12% 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, past and present, 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 system that supports preventive and responsive attitudes and behaviors at all levels of employees. Pure will enhance employee knowledge and skills necessary to improve health and safety through its training programs.

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.

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 of Pure. The success of Pure's business will depend, in part, upon the 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.

DEVELOPMENT STAGE COMPANY

Pure is involved in developing, manufacturing and marketing SoundPrint[®], P-Wave[®] and SmartBall[®] and is subject to the risks inherent in the establishment of a new business enterprise, including the need to secure supply contracts with customers. The likelihood that Pure will be able to generate revenues or profits sufficient to pay its obligations must be considered in view of the problems, expenses, difficulties and delays frequently encountered in connection with the development of a new business in which the final product and extent of the market is still evolving and its potential applications may be subject to regulatory approval.

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 Pure 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 Pure to compete successfully will depend on Pure'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 is exposed to foreign exchange risks since a significant amount of its revenue is expected to be received in or by reference to U.S. dollar, the Sterling, or Euro denominated prices while the majority of its expenditures are in Canadian dollars. The exchange rate between Canadian dollars and U.S. dollars and/or Euros has varied substantially in the last five years. Where possible, Pure enters into sales contracts in foreign jurisdictions in Canadian dollars to mitigate these risks.

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 an unutilized 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.

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 Pure's accounts receivable 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 receivables could be influenced by 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 Pure'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

From time to time, a portion of revenue is earned from foreign customers susceptible to political and economic forces. Associated risks are mitigated for larger contracts with contractual credit terms that require a considerable cash deposit and/or letter of credit to guarantee payment of contract amounts. Additionally, in many cases, the Corporation can utilize the Export Development Corporation ("**EDC**") to insure foreign contracts and receivables. However, if a situation requires reliance on EDC coverage, realization can be significantly postponed and may be less than total contract amounts.

The Corporation has been providing technologies and services to GMRA since 2000. The Corporation has an excellent working relationship with GMRA and has had no payment disputes. The monitoring technologies and services provided by Pure under various contracts are considered by GMRA to be an essential component in ensuring the long-term integrity of GMRA's pipeline network. Except for occasional visa complications, Pure has not encountered any political interference in its operations and considers the country to be safe and stable; however, there can be no guarantee that the stability of this relationship will continue.

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 December 31, 2009, the Corporation had 33,484,096 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. In February 2010, the Corporation completed an equity financing and issued an additional 7,000,000 shares.

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, 2009.

TRADING HISTORY

Month (2009)	High (\$)	Low (\$)	Volume Traded
January	3.25	2.62	302,688
February	4.00	3.10	1,213,114
March	3.48	3.05	413,503
April	3.45	3.12	230,941
May	3.62	3.15	325,822
June	3.60	3.32	685,346
July	4.20	3.41	412,209
August	4.23	3.36	407,299
September	4.15	3.80	487,838
October	4.14	3.70	133,638
November	4.35	3.71	554,567
December	4.48	3.65	515,112

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 24, 2010. 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	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	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	Director	May 2009 to present - Director June 2001 to December 2008 - President and Chief Executive Officer, Nexen Inc	May 2009
Michael M. Kanovsky ⁽¹⁾ Calgary, Alberta	Director	President of Sky Energy Corp., a private energy and investment company	May 2003
David McDermid ⁽²⁾	Director	President of Ghost River Investments Ltd., a private holding company.	May 2008
John F. Elliott	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	
Karen Keebler	Chief Financial Officer	Chief Financial Officer of the Corporation since July 2006 and prior thereto controller of a private	

Name and Municipality	Office(s) with the Corporation	Principal Occupation and Positions During the Last Five Years	Director Since
		manufacturing company	
John Rees-Stoner ⁽³⁾	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	
Mark W. Holley	President (Pure Technologies US Inc.)	President of Pure Technologies US Inc. since May 2008 and prior thereto various other positions with the Corporation	
Michael Wrigglesworth	Vice President, Middle East and Africa	Vice President of Pure Technologies Ltd. since November 2006 and prior thereto sales engineer of the Corporation	

Notes:

- (1) Audit Committee member
- (2) Compensation Committee member
- (3) Commenced employment on May 9, 2008 on the acquisition of Price Brothers (UK) Ltd.

As of December 31, 2009, 7,395,316 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 1,688,000 Common Shares.

As of March 24, 2010 6,351,026 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.

To the knowledge of the directors and senior officers of the corporation, as at the date hereof, the only persons or companies who own or exercise control over Common Shares carrying more than 10% of the voting rights of the Corporation are as follows:

Name	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned
Yellowbird Products Limited ⁽¹⁾	of record and beneficial	4,105,000	11%

NOTE:

- 1) Yellowbird Products Limited is controlled by James E. Paulson and Peter O. Paulson. As well, both James E. Paulson and Peter O. Paulson each own 129,915 Common Shares directly.

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, 2009 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 W. Fischer, all of whom are financially literate and, in the case of Messrs Kanovsky and Fischer, independent, as such terms are defined in Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). 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 Calgary, Alberta 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 Argosy Energy Inc., Devon Energy Corporation, ARC Energy Trust, Bonavista Energy Trust, TransAlta Corporation 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 Ivey Business School. 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., University of Calgary Board of Governors, Alberta Climate Change Central Board, 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 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	
	2008	2009
Audit Fees	\$157,000	\$211,500
Audit-related Fees	nil	nil
Tax-related Fees	\$110,500	\$95,100
Total Fees	\$267,500	\$306,600

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 COMPENSATION 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 Ivey Business School. 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., University of Calgary Board of Governors, Alberta Climate Change Central Board, 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 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 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. Pure is currently negotiating the terms of the agreement. This proposal is valued in excess of \$30,000,000. Shipments of equipment have commenced and will continue in 2010 and 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. Pure was involved in ongoing litigation with Pressure Pipe Inspection Company ("PPIC") in Canada and the United States regarding each company's electromagnetic technology. Late in 2007, Pure received a favorable ruling from the U.S. court on a claim construction determination regarding one claim of a U.S. patent that PPIC has asserted against Pure. As of March 12, 2009, the parties have settled all proceedings and both parties are allowed to continue to offer their services covered by their respective patents.

The Corporation is not aware of any other 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

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contained in the Management Proxy Circular of the Corporation dated April 13, 2010. Additional financial information is provided in Pure's financial statements and MD&A for the year ended December 31, 2009, 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;
- Review and appraise the audit efforts of the Company's independent accountants;
- Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.

2. Composition

The Audit Committee shall be comprised of three or more directors as determined by the Board, two of which shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise.

The members of the Committee shall be elected by the Board annually or until their successors shall be duly elected and qualified. The members may designate a Chair by majority vote of the full Committee membership.

The Chairperson of the Committee shall be an independent Director.

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 independent accountants in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

4. Authority

The Audit Committee has the authority to:

- a) Engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) To set and pay the compensation for any advisors employed by the audit committee;
- 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 organization's annual financial statements and any reports (including any earnings press releases) or other financial information submitted to any governmental body, or the public, including any report, opinion, or review rendered by the independent accountants;
- c) Review with financial management and the independent accountants the Management Discussion and Analysis and Annual Information Form prior to filing.

INDEPENDENT ACCOUNTANTS

- a) Recommend to the Board of Directors the selection of independent accountants, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent accountants. On an annual basis the Committee should review and discuss with the accountants all significant relationships the accountants have with the Company to determine the accountants' independence;
- b) Review the performance of the independent accountants and approve any proposed discharge of the independent accountants when circumstances warrant;
- c) Periodically consult with the independent accountants out of the presence of management about internal controls and fullness and accuracy of the organization's financial statements.
- d) Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. 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.

FINANCIAL REPORTING PROCESS

- a) In consultation with the independent accountants review the integrity of the organization's financial reporting processes, both internal and external;
- b) Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- c) Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by the independent accountants and management.

PROCESS IMPROVEMENT

- a) Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent accountants 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 independent accountants 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 independent accountants in connection with the preparation of the financial statements;
 - d) Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices as approved by the Audit Committee have been implemented.

ETHICAL AND LEGAL COMPLIANCE

- a) Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this 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 Corporation regarding accounting, internal accounting controls, or auditing matters
- d) Establish procedures for the confidential, anonymous submission by employees of the Corporation 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
- 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.

"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.