

6356095 CANADA INC.
(formerly Excapsa Software Inc.)

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders (the “**Meeting**”) of 6356095 Canada Inc. (the “**Company**”) will be held at the offices of Cassels Brock & Blackwell LLP, Suite 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario on Friday, November 14, 2008 at 11:00 a.m. (Toronto time), for the following purposes:

- (a) To approve, by way of special resolution (a form of which being attached as Schedule “A” to the accompanying management proxy circular), the transactions set forth in the Amendment to Sale Documents as more particularly discussed in such accompanying management proxy circular; and
- (b) To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This Notice of Meeting is accompanied by a management proxy circular and a form of proxy. You should refer to the accompanying management proxy circular for details of the matters to be considered at the Meeting.

The close of business on Monday, October 20, 2008 has been fixed as the record date, being the date for the determination of the registered holders of common shares entitled to notice of and to vote at the Meeting and any adjournment or adjournments thereof.

All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be deposited with the Company’s registrar and transfer agent, Computershare Trust Company of Canada, at 100 University Ave., Suite 800, Toronto, ON M5J 2Y1, no later than 4:30 pm (Toronto time) on Wednesday, November 12, 2008, or 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting in case of any adjournment thereof.

Even if you plan to attend the Meeting, please complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

DATED at Montreal this 20th day of October, 2008.

XMT LIQUIDATIONS INC.
IN ITS CAPACITY AS LIQUIDATOR OF 6356095
CANADA INC. UNDER THE AMENDED AND RESTATED
ORDER OF THE HONOURABLE JUSTICE MESBUR
DATED NOVEMBER 30, 2006 AS AMENDED BY AN
ORDER OF THE HONOURABLE JUSTICE PEPALL
DATED AUGUST 21, 2008

“Sheldon Krakower”, President

6356095 CANADA INC.
(formerly Excapsa Software Inc.)

MANAGEMENT PROXY CIRCULAR

Solicitation of Proxies

This management proxy circular is furnished in connection with the solicitation of proxies by XMT LIQUIDATIONS INC. (the “Liquidator”) in its capacity as Court appointed liquidator under the Amended and Restated Order of the Honourable Justice Mesbur dated November 30, 2006 as amended by an Order of the Honourable Justice Pepall dated August 21, 2008 for use at the special meeting of shareholders (the “Meeting”) of 6356095 Canada Inc. (the “Company”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this management proxy circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company and the Company may use the services of an outside proxy solicitation agency to solicit proxies. The cost of solicitation will be borne by the Company.

Pursuant to the Original Court Order (as defined below), the powers of the board of directors of the Company (the “**Board**”) have been suspended. As a result, the actions and approvals necessary to call and hold the Meeting, including the approval of this proxy circular, have been taken by the Liquidator.

The close of business on Monday, October 20, 2008 has been fixed as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company’s transfer agent at the address indicated on the enclosed envelope no later than 4:30 p.m. (Toronto time) on Wednesday, November 12, 2008, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjourned Meeting.

Unless otherwise stated, the information contained in this management proxy circular is as of October 20, 2008.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company or the Liquidator. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company’s transfer agent indicated on the enclosed envelope no later than 4:30 p.m. (Toronto time) on November 12, 2008 or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the meeting or any adjourned Meeting.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (2100 Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2, Attention: Gary Steinhart) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described in the Notice of Meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this management proxy circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Many shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable law, the Company will have distributed copies of the Notice of Meeting, this management proxy circular and the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders and/or directly to the Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and **deposit it with the Company, c/o Computershare Investor Services Inc., Computershare Investor Services, 100 University Ave., 9th Floor, North Tower, Toronto, Ontario M5J 2Y1.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above

forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

Interest of Certain Persons in Matters to be Acted Upon

Other than through their ownership of shares of the Company, no director or officer of the Company who has held such position at any time since February 1, 2006 or any associate or affiliate thereof has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting except as may be disclosed in this management proxy circular.

Voting Securities and Principal Holders Thereof

At the close of business on October 20, 2008, 201,804,155 common shares (the "**Common Shares**") in the capital of the Company were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The Common Shares of the Corporation to be cancelled in connection with the Amendment to Sale Documents (as defined below) will not be voted at the Meeting. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting has been fixed at October 20, 2008. In accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), the Company will cause to be prepared a list of holders of Common Shares as of such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Meeting, to attend and vote thereat by proxy the Common Shares held by them.

To the best of the Liquidator's knowledge, as of the date hereof, there are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company except for:

APPROVAL OF EXECUTION AND ADOPTION OF AMENDMENT TO SALE DOCUMENTS

XMT Liquidations Inc. (the “**Liquidator**”), in its capacity as Court appointed liquidator of 6356095 Canada Inc. (the “**Company**”) under the Amended and Restated Order of the Honourable Justice Mesbur dated November 30, 2006 as amended by an Order of the Honourable Justice Pepall dated August 21, 2008 recommends that the shareholders (“**Shareholders**”) of the Company pass a special resolution (in substantially that form of special resolution attached as Schedule “A” to this management proxy circular) approving the execution and adoption of an agreement entitled “Amendment to Sale Documents” dated as of September 22, 2008 (the “**Amendment to Sale Documents**”) relating to certain amendments to be made to that certain Stock Purchase Agreement dated October 12, 2006 as previously amended (the “**Original Stock Purchase Agreement**”) between the Company and Blast Off Limited (the “**Buyer**”). The Amendment to Sale Documents also provides for amendments to certain other documents that were entered into pursuant to the Original Stock Purchase Agreement including the USD \$125 million Promissory Note dated October 12, 2006, as previously amended, issued by the Buyer to the Company (the “**Note**”).

In order for Shareholders to make a reasoned decision with respect to the aforementioned special resolution, a review of the following is advised.

BACKGROUND OF EVENTS

As a result of a change in legislation passed in the United States in September, 2006 as well as uncertain commercial considerations, the Company, at that time, undertook a strategic review to assess and evaluate the impact of such legislation and other related commercial considerations. After considering the foregoing issues, and given the stated intention of the board of directors of the Company at the time (the “**Board**”) to comply fully with the spirit and intent of all legislation applicable to the Company, it was the consensus of the Board that a sale of all of the Company’s operating assets would provide Shareholders with the best possible return on their investment in the exceptional circumstances facing the Company. Accordingly, after consulting with its business and legal advisors, the Company, effective October 12, 2006, entered into the Original Stock Purchase Agreement with the Buyer.

Subsequent to the Original Sale of Assets, the Company no longer had any operating business. As a result of this, and the Board’s determination that there was no other business venture that the Company could reasonably undertake to maximize value for its Shareholders, the Board decided to place the Company into liquidation which decision was authorized by the Shareholders by a special resolution adopted at a special meeting of the Shareholders held on November 24, 2006 (the “**Original Plan of Liquidation and Distribution**”).

The Original Plan of Liquidation and Distribution included procuring Court supervision and, in connection therewith, the Original Plan of Liquidation and Distribution was brought under the supervision of the Court pursuant to an order of the Court dated November 30, 2006, as amended and restated by an Order of the Court dated December 22, 2006 (collectively the “**Original Court Order**”). The Original Court Order approved and ratified the appointment of Mintz & Partners Limited as liquidator effective January 15, 2007 (the “**Original Liquidator**”) and confirmed the appointment of John K. Fitzgerald, James Ryan and Gail Gled as inspectors of the Company's liquidation pursuant to the Original Plan of Liquidation and Distribution.

Since then, John K Fitzgerald and James Ryan have resigned as inspectors and Melissa Gaddis (who has been a director of the Company since November 2006) was appointed as an inspector. As required by the Original Plan of Liquidation and Distribution, Ms Gaddis is a beneficial shareholder of the Company.

Also subsequent to the appointment of the Original Liquidator, in accordance with the provisions of the Original Plan of Liquidation and Distribution holders of more than 50% of the outstanding shares of the Company consented in writing to the removal of the Original Liquidator and the appointment of XMT Liquidations Inc. in its stead. The Original Liquidator had no objection to this substitution. In light of the foregoing, the Original Court Order was further amended on August 21, 2008 (the “**2008 Court Order**”).

The 2008 Court Order appoints and confirms the Liquidator as the replacement liquidator of the Company (thereby replacing, discharging and removing the Original Liquidator as liquidator under the Original Plan of Liquidation and Distribution) and confirms that the inspectors pursuant to the Original Plan of Liquidation and Distribution are now Gail Gleed and Melissa Gaddis (the "Inspectors").

The Original Stock Purchase Agreement purported to dispose of all of the Company's operating assets (specifically all of the shares of Game Theory Holding Limited and all of the shares of Excapsa Software Inc.) to the Buyer (the "**Original Sale of Assets**") for aggregate purchase price consideration of USD \$130,000,000 (the "**Purchase Price**").

The Purchase Price was payable by way of USD \$5,000,000 in cash, with the balance payable pursuant to the Note. The cash portion of the Purchase Price was received in full.

The Note provides for the following cash payments:

- one (1) installment of US \$5,000,000 due on or before October 17, 2006 which was made;
- one (1) installment of US \$500,000 due on or before November 22, 2006 which was made;
- twelve (12) equal installments each in the amount of US \$1 million to be paid on the last date of each calendar month commencing on December 31, 2006 and ending on November 30, 2007;
- fifty-two (52) equal installments each in the amount of US \$2 million to be paid commencing on December 31, 2007 and ending April 30, 2012; and
- one (1) payment, due May 31, 2012, in the amount due in order to satisfy the then-outstanding amount of the Note.

CEASING OF PAYMENTS UNDER THE ORIGINAL NOTE AND THE BUYER'S CLAIM

In or about the autumn of 2007, the Buyer advised the Company that it could not generate the cash to meet the increased principal payments under the Note (which, as set forth above, were scheduled to increase from US \$1 million to US \$2 million per month in December of 2007). The Buyer subsequently ceased to make monthly payments under the Note, save and except for a partial payment in December 2007.

In February 2008, the Buyer informed the Company that players using the Ultimatebet online gaming sites operated by the Buyer had made allegations of unfair play. These allegations centred on concerns that individual players had unfair and improper access to the poker hands of other players. The Buyer issued press releases about these allegations on March 6, 2008, May 29, 2008, July 8, 2008 and July 25, 2008; copies of such press releases can be found on the Liquidator's website and may be reviewed at <http://www.wsbbg.com/en/liquidation.html>.

The Buyer advised the Company that it intended to refund players who had been identified as potentially affected by the unfair play. The Buyer further advised that, as a result of the unfair play, its business had been adversely affected and specifically had suffered declining revenue. Negotiations between the parties continued and the Buyer requested financial support to help fund the refund of players who had been the victim of unfair play as described above. The Original Liquidator was asked to consider a loan to the Buyer. The loan negotiation contemplated security to be given by way of a pledge of the Company's shares of certain significant shareholders as collateral security for the repayment of such loan. The Original Liquidator did not agree with the aforementioned loan proposal and advised the Company's representatives that it was not in a position to authorize such a loan or other payment to the Buyer.

On August 23, 2008 the Buyer's legal counsel issued a demand letter (the "**Demand Letter**") to the Company in which the Buyer asserts certain claims against the Company including a claim for damages in the amount of \$US 81,400,000 (the "**Buyer's Claim**") and demands payment thereof. Specifically, the Buyer alleged that it had suffered significant damages as a result of the unfair play described above and claimed damages from the Company for direct losses incurred or to be incurred in the form of reimbursements to customers/players who were the victims of the unfair play, as well as for overpayment in the purchase of these shares, out-of-pocket expenses, opportunity costs and damage to the reputation to the sole beneficial shareholder of the Buyer. The Buyer's Claim alleges that such cheating was possible as a result of a tool in the internet gambling software code, that the

Company had knowledge of the tool, and of its illegitimate use and failed to disclose such facts to the Buyer and made a number of related misrepresentations to the Buyer during the negotiation and implementation of the Original Stock Purchase Agreement. The inspectors and the directors of the Company vehemently denied these allegations.

The Liquidator, in response to the Demand Letter, promptly convened a series of meetings between the parties to gain more information about and explore a possible resolution of the Buyer's Claim. During these negotiations, the Liquidator worked to substantiate the allegation that unfair play had occurred and the quantum of losses suffered by players as a direct result of the unfair play, to the extent that it could readily do so with the information available to it at the time. During this time, the Kahnawake Gaming Commission (the "**KGC**"), the Buyer's licensing body, was conducting its own independent investigation into the same matters with the assistance of certain third parties engaged by the KGC. As a result of the aforesaid meetings and subsequent meetings and negotiations with various parties and professional advisors, the Amendment to Sale Documents was entered among the Company, the Buyer and Tokwiro Enterprises ENRG (the Buyer's sole shareholder).

MATERIAL PROVISIONS OF THE AMENDMENT TO SALE DOCUMENTS

Subject to various conditions (including, but not limited to, approval of the Shareholders and the approval of the Court) the Amendment to Sale Documents contemplates, amongst other matters, the settlement of the Buyer's Claim and the reinstatement of payments under the Note.

The material terms of the Amendment to Sale Documents are as follows:

- one (1) payment by the Company to the Buyer of the amount of US \$14,625,000.00 which is due;
- the Buyer shall cause its wholly-owned subsidiary, Game Theory Ltd., to transfer an undivided ownership interest in certain software to the Company for a purchase price consideration of US \$375,000.00;
- the Buyer to cause delivery to the Company, for cancellation, of approximately 6,900,000 previously-issued common shares of the capital of the Company;
- the Buyer to cause delivery to the Company of no less than 49,300,000 shares in the capital of the Company by way of pledge as collateral security for the payment of the next US \$10,250,000.00 of payments under the Note;
- as additional security for the Note, the Buyer will cause the outstanding shares of Game Theory Holdings Limited and Game Theory Ltd. to be pledged to the Company and the Company will also be granted security on the Ultimatebet domain names and the Buyer's non-US customer database;
- the Buyer's full and final release of the Buyer's Claim (which is in a form satisfactory to the Liquidator).

The completion of the transaction contemplated by the Amendment to Sale Documents is conditional upon and subject to the following:

- the receipt of the consent of the shareholders of the Company by written instrument signed by the holders of $66\frac{2}{3}^{\text{rd}}$ s of the outstanding shares or by special resolution passed at a meeting;
- delivery of the shares for cancellation and receipt of the collateral described above;
- receipt of satisfactory evidence that the Buyer and its related entities are beneficially owned by Joseph Norton;
- receipt of satisfactory evidence that the Buyer is a viable business entity capable of continuing to carry on its business in the normal course thereof;
- satisfactory due diligence examination of the Buyer's Claim;
- approval of the Amendment by the Court.

The application for the Court's approval of the Amendment to Sale Documents was initially heard on October 14, 2008. The Court approved the Amendment to Sale Documents subject to the Liquidator filing a further report to satisfy the Court that all conditions precedent to the Amendment to Sale Documents have been met. The Liquidator, Buyer and their advisors are actively working on satisfying the conditions precedent. The Court application materials including the First Report of the Liquidator to the Court (the "**First Report**"), the Judge's endorsement and the Court Order can be found on the Liquidator's website and may be reviewed at <http://www.wsbbg.com/en/liquidation.html>. A copy of the Amendment to Sale Documents can be found at Appendix H to the First Report.

The Liquidator has received written consents from the holders of 66 $\frac{2}{3}$ ^{ths} of the outstanding shares of the Company without regard to the shares to be cancelled in connection with the Amendment to Sale Documents. Accordingly, the approval of the Amendment to Sale Documents by shareholders at the Meeting is not required to fulfill the condition of closing noted above. However, the Meeting will proceed for information purposes and the special resolution will be tabled.

RATIONALE FOR RECOMMENDING APPROVAL OF AMENDMENT TO SALE DOCUMENTS

The Liquidator is currently holding approximately US \$36 million.

In light of the Buyer's Claim, the Liquidator essentially faces two options.

First, the Liquidator could choose to simply defend against the Buyer's Claim and keep the US \$36 million. If this action is taken, then the Liquidator is of the view that any further payments under the Note would be very unlikely. In addition, as mentioned in the First Report, while the Note was to be secured directly and indirectly by the common shares of Excapsa Services Inc. and Game Theory Holdings Ltd., and the intellectual property assets of Game Theory Limited, the Buyer failed to provide all of the security required by the Original Stock Purchase Agreement and the general security agreement entered into in connection with the sale transaction. The Liquidator has also been advised that there are currently impediments under Maltese law regarding the perfection of its security in respect of the intellectual property assets. Accordingly, recoveries in connection with enforcing the existing security available will be uncertain. Furthermore, choosing to defend against the Buyer's Claim will mean that no distributions to shareholders can be made (even on an interim basis) until the Buyer's Claim is finally resolved by final court order or settled given the size of the Buyer's Claim relative to the funds on hand with the Liquidator. This litigation may take years and whether or not the Buyer's Claim would be fully or only partially defeated is uncertain. Accordingly, notwithstanding the merits of any defences that the Company may have, choosing to litigate the Buyer's Claim will result in almost certain lengthy delay and will have an uncertain financial result. Lastly, from the Liquidator's investigations into the matter as confirmed by the independent investigations of the KGC (with the assistance of certain third parties engaged by the KGC) and outlined in a press release of the KGC contained as Appendix K to the First Report, it appears that the unfair play was occurring as early as May 2004. Accordingly, defending the Buyer's Claim may also leave the Company directly exposed to claims from players who suffered losses as a result of the unfair play between May 2004 and the date of the sale transaction, being October 2006. From the Liquidator's information and investigations, it appears that a substantial portion of the refunds being processed by the Buyer relate to player losses incurred prior to October 2006. Given the foregoing, choosing to simply defend against the claim will likely mean that there will be no distributions to shareholders for some time and that the amount of money available to distribute to shareholders after a final determination of the Buyer's Claim may range from US \$36 million less all defence costs (which will not be immaterial) to potentially \$0 if the Buyer's Claim is ultimately successful and the Company is exposed to additional success claims from players who suffered losses as a result of the unfair play between May 2004 and October 2006. It will also make any further recovery under the Note or its related and defective security uncertain as the Liquidator would anticipate any such recovery to be vigorously resisted by the Buyer.

Second, the Liquidator could work to re-establish payments under the Note with a view to maximizing the overall, long-term recovery to shareholders by way of implementing the Amendment to Sale Documents. While doing so would cost US \$15 million up front, it will also provide the following benefits: (1) assuming that the Buyer complies with its post closing obligations under the Amendment to Sale Documents, the existing defective security will be remedied providing the Company with properly enforceable security over the assets sold to the Buyer should their be a subsequent default – importantly, this includes the Company gaining an outright assignment of an

ownership interest in the gaming software itself by way of the copyright assignment that is deliverable as part of the Amendment to Sale Documents; (2) the Buyer will cause the delivery up for cancellation of 6.9 million shares which provides an approximate immediate benefit to the remaining shareholders of about US \$1.2 million in addition to potential future benefits to the extent that additional recoveries or payments on the Note are obtained; (3) the Liquidator will have a pledge of 49.3 million shares as security for the next US \$10.25 million payable under the Note such that if there is a subsequent default in the near future approximately US\$ 10.25 million of value will be recovered for the remaining shareholders who did not pledge their shares pursuant to the Amendment of Sale Documents; (4) the lawsuit risk in respect of the Buyer's Claim is eliminated as is any distribution delay as a consequence of the Buyer's Claim; (5) exposure to pre sale transaction player claims will be substantially mitigated because the settlement transaction is structured with a view to refunding all players who suffered losses as a result of the unfair play (which includes the time period from May 2004 onward) to the extent that such players can be identified; and (6) anticipated tax savings will be realized. Accordingly, the Liquidator is of the view that the additional or remedied security, the values of the share cancellation and share pledge and anticipate tax savings roughly equate to the US \$15 up front payment while litigation risk and delay on the Buyer's Claim is eliminated. Furthermore, payments on the Note are restructured such that a recovery of the US \$15 million is anticipated within the next three years given that the Liquidator has satisfied itself as to the ongoing viability of the Buyer given current facts and economic circumstances.

The Liquidator has also examined various books and records of the Buyer, on a confidential basis, to verify that the Buyer has refunded customers/poker players in the aggregate amount of US \$6,141,908.65. The Liquidator has seen internal documents of the Buyer indicating that payments to other accounts of customers/poker players who were the victims of unfair play will aggregate no less than an additional US \$9 million. These amounts will be verified pursuant to the ongoing due diligence work. The Liquidator is seeking confirmation of KGC's acceptance of the third party analysis of the player losses, and KGC's approval of the player refund procedure and related monitoring requirements.

As of September 22, 2008, the balance of the Purchase Price remaining due by the Buyer to the Company under the Original Note is US \$108,869,257.00 (exclusive of interest). Accrued and unpaid interest as at September 22, 2008 was US \$24,234,795.39. Pursuant to the Amendment to Sale Documents, the Buyer has agree to pay this interest amount at the end of the term of the Note or upon a Default occurring (as that term is defined in the Amendment to Sale Documents).

RECOMMENDATIONS

Accordingly, the Liquidator recommends the approval of the execution and implementation of the Amendment to Sale Documents for the following reasons:

- The Liquidator believes that shareholders will benefit most from the resumption of payments under the Note;
- The Liquidator has received advice that giving effect to the settlement will result in certain tax savings for the Company;
- Though the Liquidator may have a relatively strong defence to the Buyer's Claim based on the terms of the Stock Purchase Agreement ("as is, where is"), defending the Buyer's Claim and attempting to enforce payment on the Note could well be a lengthy and costly process with ultimate recoveries being uncertain;
- Subject to the outcome of the ongoing investigative work, the Liquidator is satisfied that the direct losses suffered by the Buyer, including completed and pending player refunds and KGC fines, total at least \$15 million. Considering the cancellation of shares, the collateral security and certain potential tax savings resulting from the reduction of the purchase price pursuant to the original sale transaction, the cash payment of US \$15,000,000.00 (inclusive of the US \$375,000 payable for the interest in the software) appears to be reasonable in the circumstances.

RECENT DEVELOPMENT

The State of Kentucky, through private counsel, recently initiated an action to seize and forfeit internet domain names allegedly used for "casino" websites on the basis that the websites violate Kentucky law. A sealed complaint was filed in the Franklin Circuit Court, on behalf of the state, with an ex parte order requesting the Judge to seize all the domain names. On September 18, 2008 the court ruled in favor of the seizure order. The order covers "Ultimatebet.com" and domain names owned by various other online poker operations. The "Ultimatebet.com" domain name and the other domain names now owned or hereafter acquired by the Buyer and its subsidiaries are subject to a security interest in favour of the Company.

The registrars of the affected domain names were sent copies of the court order and, in response, froze transfers of the these domain names. This had the effect of notifying a number of domain owners as to the action to seize and forfeit the domain names. The domain owners subsequently approached the non-profit organization, Interactive Gaming Counsel (IGC), to represent their interests in this pending court case.

At a hearing in late September 2008, plaintiff's counsel tried to prohibit the IGC and others from appearing before the court by asserting lack of standing. Despite this argument, the Judge granted the IGC permissive standing to appear.

The Company has been advised that the court will be asked to consider whether it has jurisdiction to order the seizure of the domain names and whether seizure of the domain names is proper under Kentucky law. The Company is also advised that if the court determines there is jurisdiction and seizure is proper, the matter will proceed to forfeiture hearings. In these forfeiture hearings, the domain owners will have to appear before the court to show cause as to why seizure is improper.

The Buyer has informed the Company that Ultimatebet and other domain name owners intend to vigorously resist the actions being taken by the State of Kentucky. The Buyer also advises that, if use of the "Ultimatebet.com" domain name is prohibited, the Buyer will immediately activate another domain name for its poker website and business will continue without interruption. The Company's security extends to any other domain names used to operate the Buyer's website. The Liquidator intends to closely monitor these proceedings.

The contents of this management proxy circular and the sending thereof to the Shareholders of the Company have been approved by the Liquidator.

**BY ORDER OF
XMT LIQUIDATIONS INC.
UNDER THE AMENDED AND RESTATED ORDER OF THE
HONOURABLE JUSTICE MESBUR DATED NOVEMBER 30,
2006 AS AMENDED BY AN ORDER OF THE HONOURABLE
JUSTICE PEPALL DATED AUGUST 21, 2008**

"Sheldon Krakower", President

DATED AT Montreal, Quebec
THIS 20th DAY OF OCTOBER, 2008

SCHEDULE "A"

SPECIAL RESOLUTION OF THE SHAREHOLDERS

OF

6356095 CANADA INC.
(formerly Excapsa Software Inc.)
(the "Corporation")

WHEREAS the Corporation has entered into a stock purchase agreement and certain related agreements and documents (collectively, the "**Original Sale Documents**") with Blast Off Limited (the "**Buyer**"), whereby the Corporation sold and the Buyer purchased all of the shares held by the Corporation in the capital of Game Theory Holdings Ltd. and in the capital of Excapsa Services Inc.;

AND WHEREAS certain provisions of the Original Sale Documents were not completed;

AND WHEREAS it is in the best interests of the Corporation to amend certain obligations that arise from the provisions of the Original Sale Documents by entering into an Amendment to Sale Documents (the "**Amendment Agreement**");

AND WHEREAS the Corporation is in the process of liquidating (the "**Liquidation**") pursuant to a Plan of Liquidation and Distribution dated November 24, 2006 as amended (the "**Original Plan of Liquidation and Distribution**");

AND WHEREAS the Original Plan of Liquidation and Distribution is being implemented and administered under the supervision of the Court;

AND WHEREAS XMT Liquidations Inc. (the "**Liquidator**"), the liquidator appointed in connection with the liquidation of the Corporation, deems it in the best interests of the Corporation to execute and adopt the Amendment Agreement;

AND WHEREAS the inspectors appointed in connection with the Liquidation deem it in the best interests of the Corporation to execute and adopt the Amendment Agreement;

NOW THEREFORE BE IT RESOLVED THAT:

1. The entering into and the execution of the Amendment Agreement by the Liquidator for and on behalf of the Corporation is hereby ratified, approved and confirmed.
2. The Liquidator, for and on behalf of the Corporation, is authorized to fulfill and perform all of its agreements and obligations set out in the Amendment Agreement.
3. The Liquidator, for and on behalf of the Corporation, is authorized and directed:
 - (a) to execute and to deliver all agreements, instruments and other documents as may be considered necessary, desirable or useful in connection with the transaction contemplated by the Amendment Agreement, each to be in such form and content as it may approve, its signature thereto to be conclusive evidence of such approval; and
 - (b) to do all such further acts and things and give such further assurances as may be considered necessary, desirable or useful in connection with the Amendment Agreement.

