

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

ILI TECHNOLOGIES (2002) Corp. (the "Issuer")
110W, 4760 – 72nd Avenue, SE
Calgary, AB, T2C 3S8
(403) 543-0060

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in British Columbia and Alberta

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- ☐ Bio-tech
- Financial Services
 - ☐ investment companies and funds
 - ☐ mortgage investment companies
- ☐ Forestry
- ☐ Hi-tech
- ☒ Industrial

- Mining
 - ☐ exploration/development
 - ☐ production
- ☐ Oil and gas
- ☐ Real estate
- ☐ Utilities
- ☐ Other (describe)

Details of distribution

B.C. Securities
Commission
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Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

March 13, 2006 and March 17, 2006

Item 6: For each security distributed:

(a) describe the type of security,

Units consisting of one common share and one half of one common share purchase warrant. Each whole Warrant entitles the holder thereof to purchase 1 common share at a price of \$0.60 per common share and the Warrants expire if unexercised on August 31, 2007.

(b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

4,308,798 Units

(c) state the exemption(s) relied on.

NI 45-106 Section 2.3

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	4	\$0.45	\$79,999.20
Manitoba	1	\$0.45	\$9,000.00

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Ontario	108	\$0.45	\$1,822,959.90
Mexico	1	\$0.45	\$27,000.00
Total number of Purchasers	114		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$1,938,959.10

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

No commissions, finders fees or other compensation of any kind was provided in respect of this transaction.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Haywood securities Inc., 20 th Floor, 400 Burrard St., Vancouver, BC, V6C 3A6	\$1,999.98	4,444 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$1,999.98
Raymond James Ltd., 5300, 40 King St. West, Toronto, Ont., M5H 3Y2	\$13,996.80	31,104 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$13,996.80
Golden Capital Securities Ltd., 168, 1177 West Hastings St., Vancouver, BC, V6E 2K3	\$6,400.00	14,222 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$6,400.00
Standard Securities Capital Corporation, 24 Hazelton Ave., Toronto, Ont., M5R 2E2	\$29,484.00	65,520 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$29,484.00
6112790 Canada Inc., 413 Drewry Ave., Toronto, Ont., M2R 2K5	\$26,227.63	0	\$0.45	Section 2.3 of NI 45-106	\$26,227.63
MaxCapital Markets Ltd., 900, 357 Bay Street, Toronto, Ont., M5H 2T7	\$8,000.00	17,778 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$8,000.00
Secutor Capital Management Corporation, 2300 Yonge Street, Suite 400, Box 2400, Toronto, Ontario, M4P 1E4	\$88,000.02	195,556 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$88,000.02
Union Securities Ltd. 800 - 69 Yonge St. Toronto, ON, M5E 1K3	\$7,200.00	16,000 Agent's Options	\$0.45	Section 2.3 of NI 45-106	\$7,200.00

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: March 21, 2006

ILI Technologies (2002) Corp.

Name of issuer (please print)

Thomas Milley, Director

Print name, title and telephone number of person signing


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

Thomas Milley, Solicitor, (403) 252-9937

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.