

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.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input checked="" type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) _____ |

R.C. Securities
Commission
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Details of distribution

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.

January 8, 2007

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 \$1.25 per common share and the Warrants will expire if unexercised on the earlier of: (i) 4:30 p.m. (Calgary time) on December 29, 2008; or (ii) on that date which is 15 days after the Issuer has delivered a notice to the holder specifying that the common shares of the Issuer have traded over the facilities of the TSX Venture Exchange (or such other stock exchange where the common shares of the Issuer may be trading at the time) at a price of at least \$1.50 per common share for at least 15 consecutive trading days.

(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

4,000,000 Units

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

NI 45-106 Sections 2.3 and 2.5 & ASC Rule 72-501

Item 8: 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 \$)
Alberta	3	\$0.75	\$80,000.25
British Columbia	9	\$0.75	\$304,875.00
Ontario	52	\$0.75	\$2,589,999.75
Ireland	1	\$0.75	\$15,000.00
United States	1	\$0.75	\$10,125.00
Total number of Purchasers	66		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$3,000,000.00

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.

Full name and address of the person being compensated	Compensation paid or to be paid: (cash and/or securities)				Total dollar value of compensation (Canadian \$)
	Cash (Canadian \$)	Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Golden Capital Securities Ltd., 168, 1177 West Hastings St., Vancouver, BC, V6E 2K3	\$23,190.00	30,920 Agent's Options to purchase Units	\$0.75	Section 2.3 of NI 45-106	\$23,190.00
Allgroup Partners 300, 106 Front Street Toronto, Ont., M5A 1E1	\$19,999.98	26,667 Agent's Options to purchase Units	\$0.75	Section 2.3 of NI 45-106	\$19,999.98

Secutor Capital Management Corporation, 2300 Yonge Street, Suite 400, Box 2400, Toronto, Ontario, M4P 1E4	\$20,000.04	26,667 Agent's Options to purchase Units	\$0.75	Section 2.3 of NI 45-106	\$20,000.04
Northern Securities Inc. 1800, 150 York Street Toronto, ON, M5H 3S5	\$15,999.96	21,334 Agent's Options to purchase Units	\$0.75	Section 2.3 of NI 45-106	\$15,999.96

Note: Each Agent's Option entitles the holder thereof to purchase one unit of the Issuer at a price of \$0.75 per Unit until June 29, 2008. Each Unit consists 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 \$1.25 per common share and the Warrants will expire if unexercised on the earlier of: (i) 4:30 p.m. (Calgary time) on December 29, 2008; or (ii) on that date which is 15 days after the Issuer has delivered a notice to the holder specifying that the common shares of the Issuer have traded over the facilities of the TSX Venture Exchange (or such other stock exchange where the common shares of the Issuer may be trading at the time) at a price of at least \$1.50 per common share for at least 15 consecutive trading days.

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: January 9th, 2007

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.