

The Depository Trust Company

IMPORTANT

B#: 2317

DATE: August 10, 2001

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers and Reorganization Managers

SUBJECT: Rights: Patent Enforcement and Royalties Ltd.
Common CUSIP#: 703043109
R/D: 8/01/01 Rate: 1 for 1
Expires: 8/22/01 (4:00 p.m. Toronto time)

*****WARNING TIME CRITICAL*****

Patent Enforcement and Royalties Ltd. (**“PEARL” or the “Corporation”**) is issuing to the holders of its outstanding common shares (**the “Common Shares”**) of record as at the close of business on August 1, 2001 (**the “Record Date”**) rights (**the “Rights”**) evidenced by fully transferable rights certificates (**the “Rights Certificates”**) to subscribe for Common Shares of the Corporation. Each holder of record of Common Shares at the close of business on the Record Date is entitled to receive one (1) Right for each Common Share held. Five (5) Rights will entitled the holder to subscribe for one (1) Common Share at the Subscription Price of \$0.15 (Canadian funds) per Common Share.

This offer of securities is made in the Provinces of British Columbia, Alberta and Ontario and those jurisdictions where it can lawfully be made but is not made in the Provinces of Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, Quebec or Newfoundland or the United States of America or any territory or possession thereof. This offer is not, and under no circumstances is it to be construed as, an offering of any securities for sale in or to any resident of the provinces of Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, Quebec or Newfoundland or the United States of America or any territory or possession thereof or a solicitation therein of any offer to buy any securities of Patent Enforcement and Royalties Ltd.

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Participants with eligible holders wishing to have the Rights released to them, must submit written instructions to the Depository Trust Company ("DTC") no later than 10:00 a.m. New York City time on 8/15/01. Participants must fax their instructions to the attention of Ray Lew at (212) 855-4545 and call (212) 855-4523 for confirmation of receipt. The instructions will be processed only after acceptance by Equity Transfer Services, Inc. (the "Subscription Agent").

If instructions are not received, the Subscription Agent will attempt to sell the Rights on DTC's behalf on a best effort basis.

THE DIVIDEND POSITION AND ALLOCATION HISTORY (DPAL) OPTION, ACCESSED VIA THE PTS DIVIDEND ANNOUNCEMENTS INQUIRY (DIVA) FUNCTION, SHOULD BE USED TO CONFIRM YOUR RECORD DATE POSITION HISTORY.

If participants have any questions regarding this Important Notice, please contact Mr. Ray Lew or Mr. John Pastorino of DTC's Stock Dividend Department at (212) 855-4523/4517.

If participants have any questions regarding the Right Offering, they may contact the Subscription Agent, Paul Jenson of Equity Transfer Services Inc. at (416) 361-0930 (Ext. 238).