

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
OF
CRYPTOLOGIC INC.

NOTICE IS HEREBY GIVEN that an Annual meeting of the shareholders of CryptoLogic Inc. ("CryptoLogic" or the "Company") will be held at The Board of Trade , 1 First Canadian Place, Toronto, Ontario M5X 1C1 on the 16th day of June, 1997 at the hour of 11:00 A.M. for the following purposes:

1. to receive and consider the Financial Statements of the Company dated December 31, 1996;
2. to elect directors of the Company;
3. to appoint auditors of the Company and authorize the directors to fix their remuneration;
4. to transact such other business as may properly come before the meeting or any adjournment thereof.

DATED at Toronto this 9th day of May, 1997.

By Order of the Board of Directors

ANDREW RIVKIN
President and Chief Executive Officer

If you are not able to be present at the meeting, please exercise your right to vote by signing and returning the enclosed form of proxy, in the enclosed postage-paid envelope, to: Equity Transfer Services Inc., 120 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 3V1, prior to the close of the last business day prior to the meeting, or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

INFORMATION CIRCULAR
TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF
CRYPTOLOGIC INC.
AND GENERAL PROXY INFORMATION

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CRYPTOLOGIC INC. (“CryptoLogic” or the “Company”), of proxies to be used at the Annual Shareholders Meeting of CryptoLogic Inc. to be held on June 16th, 1997, at The Board of Trade, Toronto, Ontario 11:00 A.M. and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders of CryptoLogic.

The solicitation of proxies for the CryptoLogic meeting will be made primarily by mail but proxies may also be solicited personally or by telephone on behalf of the Company. The solicitation of proxies by this circular is being made in respect of matters to be considered by shareholders of the Company by or on behalf of the management of the Company. The Company will bear the total cost in respect of the solicitation of proxies for the applicable meeting and will bear the legal, printing and other costs associated with the preparation of this management information circular. The information contained herein is given as at May 9, 1997 except where otherwise noted.

Appointment and Revocation of Proxies

Together with this circular, the shareholders of the Company will also be sent a form of proxy. The persons named in such proxy are representatives of management of the Company and are directors and officers of the Company. **A shareholder who wishes to appoint some other person to represent him at the meeting may do so by inserting such person's name in the blank space provided in the form of proxy. Such other person need not be a shareholder of the Company.**

To be valid, proxies given by shareholders of the Company must be deposited at the offices of Equity Transfer Services Inc., 120 Adelaide Street West, Suite 800, Toronto, Ontario, M5H 3V1 prior to the close of the last business day prior to the meeting, or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

Pursuant to Section 110(4) of the *Ontario Business Corporations Act*, a shareholder who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid: or (b) by depositing an instrument in writing executed by him or by his attorney authorized in writing (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the applicable meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the chairman of the applicable meeting prior to the commencement of such meeting on the day of such meeting or any adjournment thereof; or (c) in any other manner permitted by law.

Voting of Proxies

The management representative designated in the form of proxy being provided with this circular to shareholders of the Company respecting the meeting, will vote or withhold from voting the shares in respect of which he is appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy. In the absence of such instructions, such shares will be voted by the management representative in favour of the matters proposed in this circular.

The enclosed form of proxy confers discretionary authority upon the management representatives designated therein with respect to amendments to or variations of matters identified in the applicable notice of meeting and with respect to other matters which may properly come before the applicable meeting. At the date of this circular, the management of the Company knows of no such amendments, variations or other matters of the Company.

Proxies received by management will be voted at the meeting of the Company or any adjournment thereof specified therein by the person giving the Proxy. **TO THE EXTENT NO CHOICE IS SPECIFIED, THE PROXY WILL BE VOTED FOR MANAGEMENT'S PROPOSALS AS STATED UNDER THE HEADINGS RELATING TO THESE MATTERS IN THIS INFORMATION CIRCULAR. ALL PROXIES SUBMITTED, REGARDLESS OF HOW VOTED, WILL BE INCLUDED FOR PURPOSES OF DETERMINING WHETHER A QUORUM IS PRESENT FOR THE MEETING.** Management's proposals have been approved by the Board of Directors. A quorum is required in order for the meeting to be properly constituted. One-quarter of the total outstanding shares of the Company must be present in person or represented by proxy at the meeting in order to form a quorum.

Voting Shares

On the date of this Information Circular, the Company had 6,513,353 common shares outstanding and 1,122,880 preference shares outstanding. Each holder of a common share of the Company at the close of business on April 21, 1997, will be entitled to one vote for each common share held, as applicable, on all matters proposed to come before the applicable meeting, except to the extent such shareholder has transferred any such shares after the record date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than 10 days before the date of the meeting to be included in the list of shareholders entitled to vote at the applicable meeting, in which case the transferee will be entitled to vote such shares.

Principal Shareholders

To the knowledge of the directors and officers of the Company, no person beneficially owns or exercises control or direction over shares carrying more than 10% of the votes attached to the issued and outstanding common shares save and except;

<i>NAME</i>	<i>SHARES</i>	<i>PERCENT</i>
Andrew Rivkin	1,350,000	20.1%
David Lowry	851,447	13.1%

Description of Share Capital of the Company

The authorized capital of the Company consists of an unlimited number of common shares and 4,000,000 Preference Shares. On the date of this Information Circular the issued capital consists of 6,513,353 common shares and 1,122,880 Non-Voting Preference Shares.

Holders of common shares of the Company are entitled to dividends as and when declared by the board of directors, and are entitled to notice of and to one vote per common share at any meeting of the shareholders of the Company. Holders of Preference Shares of the Company are entitled to a non-cumulative preference dividend of 5% of the redemption amount which shall be \$0.10 per share.

Outline of Matters to be Acted Upon

ELECTION OF DIRECTORS

The following persons are proposed as directors of CryptoLogic:

Name & Municipality of Residence	Position with the Corporation Present & Principal Occupation	Date Appointed as a Director	Common Shares of the Corporation beneficially owned, directly or indirectly or controlled or directed as at April 21, 1997	Number of Options Held as of April 21, 1997
Andrew Rivkin ⁽³⁾ Toronto, Ontario	Director, President and Chief Executive Officer	Nov-30-95	1,350,000 ⁽²⁾	100,000 ⁽⁴⁾
Mark Rivkin ⁽¹⁾ Toronto, Ontario	Director and Executive Vice President	Nov-30-95	600,000 ⁽²⁾	100,000 ⁽⁴⁾
Austin Page North York Ontario	Director Banca Commerciale Italiana of Canada	NA	Nil	Nil
Ronald Woods Toronto, Ontario	Director of Jascan Inc.	NA	Nil	Nil
Edwin Cohen ⁽¹⁾⁽³⁾ North York Ontario	Director	Nov-30-95	108,000	100,000
George Tomko North York Ontario	President and Chief Executive Officer of Mytec Technologies Inc.	NA	Nil	Nil

(1) Denotes member of Audit Committee.

(2) Voting Trust in favour of Andrew Rivkin

(3) Denotes member of Compensation Committee

(4) Holds Class A Warrant to purchase Common Shares at \$0.50 - see "Legal Proceedings"

ANDREW RIVKIN is a co-founder and President of CryptoLogic Inc. and co-designed the software developed by Cryptologic. From November 1992 to August 1994 he was Vice-President of HFAM Inc., a real estate company that acquired government property for private ownership. From September 1988 to November 1992 he was President of Minds Over Matter, a consulting firm that specialized in integrating accounting and inventory computer systems in network environments.

MARK RIVKIN is a co-founder and the Executive Vice President of the Company and co-designed the software used by Cryptologic during 1995. From 1993 to 1995 he developed a Campus Notes university notes exchange program.

AUSTIN PAGE In 1990 he was elected a director of Banca Commerciale Italiana of Canada where he chairs the audit committee, and from 1992 to 1996 Mr. Page was President and CEO of Aluma Enterprises Inc.

RONALD WOODS From June 1996 to present Mr. Woods worked on investments and acquisitions with Jascan Inc. in Toronto. Previously he was Vice President of Con West Inc.

EDWIN COHEN From 1995 to present Mr. Cohen is a principal of Telehop Communications Milton Inc., a private long distance and telephone service re-seller. Prior to 1995 he was manager of Edwin Allan Consultants Inc.

GEORGE TOMCO is the Chairman and Chief Scientific Officer of Mytec Technologies Inc., which he founded in 1987. He was the President and Chief Executive Officer of Mytec Technologies Inc. up to September , 1996.

APPOINTMENT OF AUDITORS

It is proposed that Solursh Feldman & Partners, Chartered Accountants, of Toronto be reappointed as the Company's auditors and that their remuneration be fixed by the directors.

EXECUTIVE COMPENSATION

As at December 31, 1996, CryptoLogic Inc. had three executive officers. The aggregate cash compensation paid to the executive officers during the period March 7, 1996 to December 31, 1996 was \$130,962.

Directors of CryptoLogic are not presently entitled to receive remuneration for serving on the board of directors or any committee other than through stock options. It is proposed that in the future an annual fee plus a meeting fee be established with a retirement allowance if a Director serves for over 12 months.

The following table presented in accordance with the regulations of the Securities Act (Ontario) sets forth all compensation paid in respect of the individuals who received compensation in excess of \$100,000 per year (Named Executive Officers). No executive earned in excess of \$100,000 in the year. The executive with the greatest compensation was Anatoly Plotkin, Vice President-Technology.

SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Annual Compensation		Long-Term Compensation Awards Securities Under Options Granted
		Salary (1)	Bonus	
Andrew Rivkin President and Chief Executive Officer	1996	\$45,884	Nil	100,000
Anatoly Plotkin Vice President - Technology	1996	\$54,577	Nil	75,000

(1) Salaries were received in the form of salary and consulting fees.

The following table sets forth individual grants of options to purchase Common Shares during the financial year ended December 31, 1996 to the Named Executive Officers:

**OPTIONS GRANTED DURING THE MOST RECENTLY COMPLETED
FINANCIAL PERIOD ENDED DECEMBER 31ST, 1996**

Name	Securities Under Options Granted	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price	Market Value of Securities Underlying Options on the Date of Grant	Expiration Date
Andrew Rivkin	100,000 (1)	11.1%	\$0.50	\$0.50	March 4, 1999
Anatoly Plotkin	75,000	8.3%	\$0.50	\$0.50	March 4, 1999

(1) Also Holds Class A Warrant - see "Legal Proceedings"

AGGREGATE OPTION EXERCISES DURING THE MOST RECENT COMPLETED

FISCAL YEAR AND FINANCIAL YEAR END OPTION VALUES

Name	Securities Acquired on Exercise	Aggregate Values Realized	Unexercised Options at Year End	Value of in the Monies Options at Year End (1)
Andrew Rivkin	NIL	NIL	100,000	\$250,000
Anatoly Plotkin	NIL	NIL	75,000	\$187,500

(1) Based on a December 31, 1996 closing price per share of \$3.00.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange has adopted the recommendations of the Toronto Stock Exchange Committee on Corporate Governance in Canada (the "TSE Committee") to require the annual disclosure by each listed corporation of its approach to corporate governance with reference to the proposed guidelines of the TSE Committee. These proposed guidelines are set out in section 474 of its Company Manual. Although the Company is not listed with the Toronto Stock Exchange the Company wishes to abide by these guidelines.

Mandate of the Board of Directors

The Board of Directors is responsible for the stewardship of the Corporation through consultation with the management of the Corporation. There is no specific mandate for the Board since the Board has plenary power. That is, any responsibility which is not delegated to senior management or to any Board committees remains with the Board. Generally the Board meets a minimum of three times each year. In addition, the Board meets more often when non-routine matters requiring its approval are raised. The Board met 11 times during calendar 1996.

Composition of the Board

Four of the six directors recommended for election to the Board are unrelated directors. An unrelated director is defined as one who is independent of management and is free from any interests or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings. A related director is one who is not an unrelated director.

Mr. Andrew Rivkin, President is a related director, as is Mr. Mark Rivkin, Executive Vice President of the Corporation, by virtue of their holding management positions. While these two Directors may by definition be related directors, they, like all directors, continue to be legally obligated to act in good faith with a view to the best interests of the Corporation and its shareholders. The remainder of the Directors are unrelated in that they have not worked for the Corporation nor do they have material contracts with the Corporation or receive remuneration from the Corporation.

The Corporation has a no "significant shareholder", which is defined by the guidelines as a shareholder with the ability to exercise a majority of votes for the election of directors.

Board Independence

The Corporation in its present corporate form results from the reverse takeover in March 1996. Since then the executive group of the company consists of Andrew Rivkin and Mark Rivkin

Board Approvals and Structure

The Board responds to and if it considers appropriate approves, with such revisions as it may require, corporate objectives and recommended courses of action which have been brought forward by management. The Board retains plenary power for those functions not specifically delegated by it to management. In addition to maintaining the powers it must retain by statute, significant business activities, actions and communications proposed to be taken or submitted by the Corporation are subject to Board approval.

Annual capital and operating budgets and significant changes, the annual Information Circular, annual financial statements, major changes in the organizational structure of the Corporation, major acquisition and disposition transactions, major financing transactions involving the issuance of shares, debt securities and the like, major banking relationships, dividends, appointment of officers, stock option plans, and the issuance of stock options are all subject to Board approval.

Board Committees - Size and Compensation

There are two Board Committees, the Audit Committee, comprised of three members, two of whom are unrelated Directors, and the Compensation Committee comprised of two members one of whom were outside Directors.

The Audit Committee has direct communications channels with internal personnel responsible for financial statement preparation and with the Corporation's external auditors. The committee monitors audit functions and the preparation of financial statements and meets with outside auditors independent of management. Additional responsibilities include the review of any auditor's reports to management. The Audit Committee met 6 times between January and May 1997. The Compensation Committee reviews the executive officers compensation and management's recommendations on stock option grants to employees. The Compensation Committee met once by telephone.

The TSE guidelines suggest that Boards establish other committees, however, the Corporation has not done so nor does it currently intend to. The Corporation has no formal Nominating Committee since when new directors are being considered for addition to the Board, the entire Board generally acts as an ad hoc nominating committee. The Board has not constituted a committee comprised exclusively of unrelated directors, to assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of individual directors.

The Corporation does not have a formal process of orientation and education for new members of the Board. When relevant, this process will be handled informally by members of the Board.

The Board has not adopted a system which would enable an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances, except the Chairman of the Audit

Committee, who has been authorized to retain advice in matters relating to the affairs of the Audit Committee. If such an engagement were appropriate it would be subject to the approval of the Board.

The Board has not assumed, nor has it delegated to a committee, responsibility for the Corporation's approach to corporate governance. Together with the Chief Executive Officer, the Board has not developed position descriptions for the Board and the Chief Executive Officer. As the Board has plenary power, any responsibility which is not delegated to management or a Board committee remains with the Board.

Shareholder Communications

The Board has generally delegated the communications policy to the senior management of the Corporation. Shareholder communications are generally handled by the President or a Vice President.

Expectations of Senior Management

The Board is involved in monitoring and assessing senior management through its regular contact with the senior management team, most of whom participate in presentations to the Board at its meetings.

STOCK OPTION PLAN

The board of directors and the Shareholders of CryptoLogic have adopted a stock option plan (the "Plan") in order to provide an incentive for key directors, officers and employees. The Plan provides that the board of directors of CryptoLogic may, from time to time in its discretion, grant to key directors, officers and employees of CryptoLogic or the registered retirement savings plan or holding companies of them, the option to purchase common shares. The board of directors will determine the price per common share and the number of common shares which may be allotted to each such person or plan and all other terms and conditions of the option, in accordance with the applicable policies of any relevant regulatory authority or stock exchange. These options will be exercisable for a period not exceeding five years from the date of grant. The shareholders have authorized the granting of up to 900,000 options by the directors. 900,000 options have been granted by the directors at an exercise price of \$0.50 per share, \$3.10 per share, and \$7.00 per share.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the current directors or officers of CryptoLogic is or has been indebted to CryptoLogic at any time other than an employee officer who owes \$32,000 being the purchase price for 160,000 Series C Warrants having an exercise price of \$5.00 per share, the note is due 10 February 1999. A retired director owes the Company \$20,000.00 being the purchase price for 200,000 Series B Warrants having an exercise price of \$2.50 per share.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

Except as otherwise set out below, no insider of CryptoLogic has any interest in any material transactions involving CryptoLogic.

Stikeman, Graham & Keeley of which Mr. Stikeman, Assistant Secretary of CryptoLogic, is a partner, acts as general counsel to CryptoLogic.

AUDITORS, REGISTRARS AND TRANSFER AGENTS

The auditors of CryptoLogic are Solursh Feldman & Partners, Chartered Accountants of Toronto.

Equity Transfer Services Inc. of Toronto is the Company's transfer agent and registrar.

LEGAL PROCEEDINGS

There are no legal proceedings involving CryptoLogic or its property as at the date of this circular, nor are any such proceedings known by CryptoLogic to be contemplated, other than David Lowry's application filed on May 6, 1997 to have the Courts declare the Class A Warrant void, and remove all of the Company's five directors other than himself. The hearing is set for May 20, 1997 and the Company will vigorously oppose the application as it considers the application to be without merit.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular have been approved by the Directors of the Company and the Information Circular has been sent to the Company's directors, shareholders and auditors.

Toronto, Ontario
May 9th, 1997

CRYPTOLOGIC INC.

Per: _____

Andrew Rivkin
President and Chief Executive Officer

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