

NEWS RELEASE

IP Applications Corp. Business and Products Update

Vancouver, October 4, 2007 - IP Applications Corporation (TSX-V: IPX) wishes to update investors on the Company's activities to September 2007.

During the course of 2007, IP Applications has moved towards increasing shareholder value by successfully stemming its operating cash ("EBITDA") losses for two consecutive quarters. Further, beginning in Q2 and continuing in the early part of Q3, the Company began winning contracts with new customers, an important next step in restoring the Company's growth and value.

John Jacobson, President and CEO said "The Company's historical dependence on dial-up ISP revenue and the dramatic decline in the US Dollar since 2005 have been a difficult challenge. Our turn-around strategy was to cut costs while we determined which segment of our customer base represented the largest opportunity for strong future growth. This assessment was completed during 2006, and in 2007 we've concentrated on delivering services to the rapidly expanding Software-as-a-Service market and in particular to improve customer satisfaction and reduce subscriber churn. Since the start of Q2 2007, we've signed eight new contracts with estimated annualized aggregate monthly recurring revenue of \$950K per year."

The Company believes that its strategy to concentrate resources on the growing segment of its business, rather than attempting to salvage its traditional but steadily declining dial-up business, is working. As the new customers complete the set-up phase of their contracts and the Company begins delivering services, the Company believes that net revenue growth will begin to return.

Business Operations:

During the first half of 2007, the Company achieved effective break-even on EBITDA, a significant improvement over the \$0.24M EBITDA loss during the first half of 2006 and even greater improvement over the \$1.4M EBITDA loss in 2005. We anticipate this trend will continue through the remainder of fiscal 2007.

Though the Company has reduced its cash burn significantly, it prefers to re-capitalize to support growth, eliminate debt and position itself to make future investments. To this end, the Company expects to close a non-brokered private placement offering in early Q4.

Product Update

Profiling its target customers has led IP Applications to expand its range of services for hosted software applications. Hosted software applications, often labeled "Software as a Service" is a growing market segment and the company is redefining its service portfolio to provide the specialized support needed by companies bringing products to market using this sales channel.

The Company also introduced three new products in 2007.

The Company's new web technology to help its customers reduce subscriber churn in multi-level marketing systems was launched to an enthusiastic response from an existing customer at its annual convention in August 2007. Additional revenues from this source are expected to materialize in Q4.

The second product, the Company's proprietary Voyager trouble-ticketing system, delivered as a hosted service is now in use by one of the Company's larger customers as a value-added adjunct to IP Applications' customer care.

The third product, MyHelpDesk.com, continues to fall short of target revenue levels. Product development was slowed and marketing costs reduced in order to shift resources to other near term growth opportunities. The Company continues to believe in the product and will reevaluate the marketing strategy in Q4.

About IP Applications

The Company delivers business process automation and customer care for companies in the rapidly expanding Software-as-a-Service (“SaaS”) market. IP Applications’ customers use the Company’s data center and staff to run particular segments of their business operations. While customers are left to focus on their product marketing and technology, IP Applications solves the end user satisfaction and subscriber management issues for them.

Forward-Looking Statements

This press release may contain forward-looking statements. Actual events or results may differ materially from those described in the forward-looking statements due to a number of risks and uncertainties. Forward-looking statements are based on management’s estimates, beliefs, and opinions. The company assumes no obligation to update forward-looking statements.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

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