



NEWS RELEASE

IP Applications Corp. Announces Non-Brokered Private Placement

VANCOUVER, BC – May 26, 2009 – IP Applications Corp. (TSX-Venture: IPX) ("**IP Applications**" or the "**Company**") today announces that it has signed a term sheet with Pender Growth Fund (VCC) Inc. ("**Pender**"), a major shareholder of the Company, pursuant to which the Company has agreed to negotiate with Pender the terms of a non-brokered private placement to raise \$1,000,000 through the issuance to Pender of 10% convertible preferred shares (the "**Shares**") of the Company at a price of \$0.12 per Share (the "**Offering**"). The Company expects to issue 4,000,000 common share purchase warrants in connection with the Offering, each of which will entitle Pender to acquire a common share of the Company at a price of \$0.36 for a period of five years from the closing of the Offering (the "**Closing**").

Pender will be entitled to an annual cumulative cash dividend of 10% of the issue price of the Shares, payable in cash in arrears on December 31 of each year. The Shares will be convertible at Pender's option into common shares of the Company on a 1:1 basis. After a period of 18 months from the Closing, the Company may elect to convert the Shares into common shares if: (A) the closing price of the common shares is at a price greater than \$0.40 per share for a period of 30 consecutive trading days, and (B) the total trading volume over such period is greater than 20% of the common shares issued and outstanding at the beginning of such period, excluding all common shares of the Company held by the Fund and by Pender Financial Group Corporation. The Shares will be redeemable at the original issue price, plus accrued and unpaid dividends, on or after the fifth anniversary of the Closing. Pender will have a pro-rata right to participate in subsequent equity or debt financings, to maintain its percentage equity ownership of the Company.

The Offering is subject to approvals of: (i) the board of directors of Pender, (ii) the administrator of the *Small Business Venture Capital Act* (British Columbia), and (iii) the TSX Venture Exchange. The Offering is also subject to the approval by the shareholders of the Company of a resolution amending the Company's Notice of Articles to create the Shares, to be proposed at a special meeting of the Company's shareholders (the "**Meeting**") which is expected to be held on or about July 28, 2009. The Closing is expected to occur on or about July 31, 2009.

Pender has agreed to advance \$500,000 of the subscription proceeds to the Company to assist the Company with its operating cash flow. The advance will be evidenced by way of a promissory note, and will be repayable on demand at any time after 75 days from the date of the advance.

IP Applications intends to use the net proceeds for working capital necessary to advance its development and marketing initiatives in respect of the rapidly expanding Software as a Service ("**SaaS**") / Cloud computing markets.

About IP Applications

IP Applications (www.ipapplications.com) delivers billing, payments processing and technical support services for online businesses. The Company's on-demand billing and payments application delivers variable recurring payments processing and subscriber lifecycle management for SaaS and Cloud computing companies. Established in 1998, the Company has a client roster that includes Sprint Nextel, Bell Mobility, Amway Corporation and AOL Canada, a division of Time Warner.

Forward-Looking Statements

This press release may contain forward-looking statements. The Company cautions users of this forward-looking information that actual results or events may vary materially either favorably or unfavorably from those described due to a number of risks and uncertainties. Such risks and uncertainties include, but are not limited to: the Company and Pender finalizing the terms of the Offering; the shareholders of the Company approving the resolution creating the Shares; the Company obtaining regulatory acceptance of the Offering; the inability of the Company to accurately forecast the revenue from new and existing customers; the inability of the Company's customers to accurately forecast their own demand for the Company's products and service; changes in the relative value of the US and Canadian dollars; the possibility that one or more customers or suppliers might experience financial difficulties that could affect the Company's ability to deliver and get paid for its products and services; and changes in the growth rate of technology and telecommunications concerns. Refer to the Company's most recent management's discussion and analysis ("MD&A") for further discussion of these and other risks and uncertainties in relation to such forward-looking information.

Forward-looking information is based on management's current expectations, estimates and opinions. Please refer to the MD&A for a discussion of the events and circumstances which occur that cause, or are likely to cause, actual results to differ materially from such forward-looking information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contact:

Richard Topham, CFO

D 604.630.5657

E ir@ipapplications.com