

ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS OF

CRYPTOLOGIC INC.

TO BE HELD ON MAY 30, 2002

NOTICE OF
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
AND MANAGEMENT INFORMATION CIRCULAR

APRIL 25, 2002

NOTICE OF ANNUAL & SPECIAL MEETING OF SHAREHOLDERS
OF
CRYPTOLOGIC INC.

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of the Shareholders of CryptoLogic Inc. (“CryptoLogic” or the “Company”) will be held at The Sheraton Centre Toronto Hotel, 123 Queen Street West, Essex Ballroom, Toronto, Ontario on the 30th day of May, 2002 at the hour of 4:30 P.M. for the following purposes:

1. to receive and consider the Financial Statements of the Corporation dated December 31, 2001;
2. to adopt the 2002 Incentive Stock Option Plan as outlined in the Management Information Circular;
3. to elect directors of the Corporation;
4. to appoint auditors of the Corporation and authorize the directors to fix their remuneration;
5. to transact such other business as may properly come before the meeting or any adjournment thereof.

DATED at Toronto this 25th day of April, 2002.

By Order of the Board of Directors

“Robert Stikeman”, signed _____
Robert Stikeman,
Secretary

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 4C3, 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.

CRYPTOLOGIC INC.

1867 Yonge Street, 7th Floor
Toronto, Ontario M4S 1Y5

INFORMATION CIRCULAR

(as at April 25, 2002, except as otherwise indicated)

TABLE OF CONTENTS

Notice of Annual and Special Meeting of Shareholders

Information Circular

Solicitation of Proxies	3
Appointment and Revocation of Proxies	3
Voting of Proxies	4
Voting Securities and Principal Holders of Voting Securities	4
Incentive Stock Option Plan (2002)	5
Election of Directors	8
Re-Appointment of Auditors	9
Corporate Governance	9
Directors' and Officers' Liability Insurance	12
Executive Compensation	13
Performance Graph	15
Employment Contracts with Named Executive Officers	15
Indebtedness of Directors and Senior Officers	16
Interests of Insiders in Material Transactions	16
Auditors, Registrars and Transfer Agents	16
Normal Course Issuer Bid	16
Substantial Issuer Bid	16
Legal Proceedings	17
Director's Approval	17

MANAGEMENT INFORMATION CIRCULAR
FOR THE ANNUAL & SPECIAL MEETING OF THE SHAREHOLDERS OF
CRYPTOLOGIC INC.
AND GENERAL PROXY INFORMATION

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CRYPTOLOGIC INC. (“CryptoLogic” or the “Corporation”), of proxies to be used at the Annual and Special Shareholders’ Meeting of CryptoLogic to be held on May 30, 2002, at The Sheraton Centre Toronto Hotel, 123 Queen Street West, Essex Ballroom, Toronto, Ontario at 4:30 P.M (Eastern time) and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual & Special Meeting of Shareholders of CryptoLogic Inc.

Solicitation of Proxies

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 Corporation. The solicitation of proxies by this circular is being made in respect of matters to be considered by shareholders of the Corporation by or on behalf of the management of the Corporation. The Corporation 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 April 25, 2002 except where otherwise noted.

Appointment and Revocation of Proxies

Together with this Management Information Circular, the shareholders of the Corporation will also be sent a form of proxy. The persons named in such proxy are representatives of management of the Corporation and are Directors and Officers of the Corporation. **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 Corporation.**

To be valid, proxies given by shareholders of the Corporation must be deposited at the offices of Equity Transfer Services Inc., 120 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 4C3, 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; (b) by depositing an instrument in writing executed by him or by his attorney authorized in

writing: (i) at the registered office of the Corporation 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 Management Information Circular to shareholders of the Corporation 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 Management Information 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 Management Information Circular, the management of the Corporation knows of no such amendments, variations or other matters of the Corporation.

Proxies received by management will be voted at the meeting of the Corporation, or any adjournment thereof as 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 MANAGEMENT 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 Common Shares of the Corporation must be present in person or represented by proxy at the meeting in order to form a quorum.

Voting Securities and Principal Holders of Voting Securities

As of the date of this Management Information Circular, the Corporation had 12,064,160 Common Shares outstanding. Each holder of a Common Share of the Corporation at the close of business on April 25, 2002, will be entitled to one vote for each Common Share held, as applicable, on all matters proposed to come before the 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 meeting, in which case the transferee will be entitled to vote such shares.

To the knowledge of the Directors and Officers of the Corporation, 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 except Andrew Rivkin, who directs control over 1,775,000 Common Shares representing 14.7% of the outstanding Common Shares of the Corporation.

Description of Share Capital of the Corporation

The authorized capital of the Corporation consists of an unlimited number of common shares (“Common Shares”). As of the date of this Management Information Circular the issued and outstanding capital consists of 12,064,160 Common Shares.

Holders of Common Shares 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 Corporation.

Financial Statements

The Annual Report, the Financial Statements of the Corporation for the year ended December 31, 2001 and the Auditors’ Report thereon accompanying this Management Information Circular will be placed before the shareholders at the Annual and Special Meeting for their consideration.

Under National Policy 41, adopted by the Canadian Securities Administrators, a person or Corporation who in the future wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or Corporation is the owner of securities (other than debt instruments) of the Corporation. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice to the Corporation or its Transfer Agent.

OUTLINE OF MATTERS TO BE ACTED UPON

INCENTIVE STOCK OPTION PLAN (2002)

At a meeting held on March 6, 1996, the Shareholders approved CryptoLogic’s Incentive Stock Option Plan (1996) (the “1996 Plan”) which reserved an aggregate of 900,000 CryptoLogic Common Shares (“CryptoLogic Shares”) for issuance. On May 30, 2001 the Shareholders approved an amendment to the 1996 Plan to increase the number of CryptoLogic Shares for issuance to an aggregate of 3,115,000 (the “Amended 1996 Plan”).

Since January 1996, an aggregate of 1,632,219 CryptoLogic Shares have been issued as a result of the exercise of stock options (“options”) granted pursuant to the Amended 1996 Plan. As a result, there are presently 2,395,148 CryptoLogic Shares reserved for issuance pursuant to the Amended 1996 Plan and 2,357,640 options outstanding.

At the Meeting, Shareholders will be asked to approve a resolution, the text of which is set forth in Appendix “A” to this Circular (the “2002 Stock Option Plan Resolution”), approving the CryptoLogic Incentive Stock Option Plan (2002) (the “2002 Plan”), to take effect from the date of Shareholder approval should the resolution be approved. An aggregate of 3,000,000 CryptoLogic Shares (which include the 2,357,640 CryptoLogic Shares presently reserved for issuance under existing outstanding options) will be reserved for issuance under the 2002 Plan, which will allow the issuance of an additional 642,360 CryptoLogic Shares. Management expects that, should the resolution be approved, these options will meet the Corporation’s needs for 2 years.

The purpose of the 2002 Plan is to replace the Amended 1996 Plan and to provide effective incentives to Directors, Officers, employees and consultants of the Corporation (and its subsidiaries, which includes partnerships and other entities that are controlled by the Corporation) and to reward such employees in relation to the long-term performance and growth of the Corporation and the total return to Shareholders. No financial assistance will be provided by the Corporation to option holders in connection with the exercise of stock options granted under the 2002 Plan.

Features of the 2002 Plan include:

- (1) A maximum of 3,000,000 CryptoLogic Shares will be reserved for issuance under the 2002 Plan. The number of CryptoLogic Shares reserved for issuance under the 2002 Plan includes any CryptoLogic Shares that may be issued as a result of the exercise of options granted under the Amended 1996 Plan. Options granted under the 2002 Plan may include stock appreciation rights. Principal features of the 2002 Plan that materially differ from the 1996 Plan include the following:
 - a) One-third of the options granted to Directors will vest at the date of grant, with the balance vesting over 2 years.
 - b) All other options granted will vest at a rate of one-quarter of the total amount granted per year, the first vesting date to follow one year after the date of grant. Vesting dates will follow annually on the anniversary date of the original grant.
- (2) Options issued under the 2002 Plan will have a term of five years or less and will be subject to earlier termination if the holder leaves the employ of the Corporation unless the Board otherwise decides. An option will only become exercisable after the following vesting periods:
 - a) One-third of the options granted to Directors will vest at the date of grant, with the balance vesting over 2 years.
 - b) All other options granted will vest at a rate of one-quarter of the total amount granted per year, the first vesting date to follow one year after the date of grant. Vesting dates will follow annually on the anniversary date of the original grant.
- (3) Upon leaving the Corporation's employ, there is a 30-day exercise period for those options deemed exercisable at date of departure.

It is the Board's belief that in the highly competitive software industry in which the Corporation competes, the proposed 2002 Plan will position the Corporation to compete with other software companies for key employees while at the same time providing an appropriate incentive mechanism for its key personnel. The proposed increase in the number of shares issuable under the 2002 Plan also reflects the Board's attempt to account for the potential growth in the number of employees of the Corporation and to provide the Corporation with the ability to sustain such growth. Consequently, at the Meeting, the shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, the 2002 Stock Option Plan Resolution authorizing approval of the 2002 Plan.

It is common for software companies to reserve an amount in excess of 20% of its outstanding common shares for issuance under options to employees and, consequently, the Corporation is seeking to increase the number of Common Shares reserved for grant under options to approximately 25% of its outstanding Common Shares. In reaching its conclusion to adopt the 2002 Plan, the Board considered many factors including the following table which compares the size of stock option plans of select U.S. and Canadian software companies to the size of the Corporation's Amended 1996 Plan and the proposed size of the 2002 Plan.

OPTIONS ANALYSIS OF SELECTED SOFTWARE COMPANIES ⁽¹⁾
(U.S. Dollars, share count and options in millions)

	Stock Symbol	Stock Price ⁽²⁾	Market Cap. ⁽³⁾	Shares o/s	Options o/s	% of total	Options Reserved	% of total
Siebel Systems	(SEBL)	28.37	13,247.4	466.950	247.204	52.9	460.000	98.5
i2 Technologies	(ITWO)	5.09	2,159.4	424.253	132.889	31.3	272.000	64.1
Manugistics	(MANU)	19.05	1,286.2	67.518	20.948	31.1	35.232	52.2
Freemarket	(FMKT)	20.83	848.4	40.731	12.400	30.4	18.600	45.7
Webmethods	(WEBM)	16.65	811.4	48.733	15.743	32.3	20.731	42.5
Broadvision	(BVSN)	1.40	398.7	284.794	55.934	19.6	95.875	33.7
Commerce One	(CMRC)	1.34	299.8	223.704	45.911	20.5	73.856	33.0
PurchasePro	(PPRO)	0.63	48.9	77.541	6.651	8.6	23.500	30.3
Microsoft	(MSFT)	57.10	307,369.3	5,383.000	898.000	16.7	1,448.000	26.9
Open Text	(OTEX)	22.82	455.5	19.959	2.881	14.4	5.314	26.6
CryptoLogic (Proposed)	(CRYP)	12.78	154.2	12.064	2.358	19.5	3.000	24.9
CryptoLogic (Current)	(CRYP)	13.79	166.4	12.064	2.358	19.5	2.395	19.9
Oracle	(ORCL)	12.45	69,624.9	5,5982.361	441.655	7.9	1,016.936	18.2
Descartes	(DSGX)	4.42	215.7	48.803	3.235	6.6	8.655	17.7
Cognos	(COGN)	25.55	2,245.5	87.885	7.569	8.6	14.000	15.9
Research in Motion	(RIMM)	27.12	2,122.7	78.271	7.920	10.1	12.358	15.8
Ariba	(ARBA)	4.12	1,070.6	259.850	25.029	9.6	36.904	14.2
Median		--	--	--	--	16.7		26.9
Mean		--	--	--	--	20.0		34.1
High		--	--	--	--	52.9		98.51
Low		--	--	--	--	6.6		14.2

⁽¹⁾ Source: Survey of Published Option Plans. Data based on recent 10-K filings.

⁽²⁾ In US\$ as at April 5, 2002,

⁽³⁾ In millions of US\$.

To be adopted, the 2002 Stock Option Plan Resolution must be approved by a majority of the votes cast at the Meeting, excluding shareholders who are eligible to receive options under the 2002 Plan (ie. Directors, Officers, employees and consultants under written contract) and their associates.

Unless specified otherwise, it is the intention of the persons designated in the enclosed form of proxy to vote FOR the approval of the 2002 Stock Option Plan Resolution.

ELECTION OF DIRECTORS

The following persons are proposed Director nominees of CryptoLogic who will, subject to the by-laws of the Corporation and governing legislation, serve until the next Annual Meeting of Shareholders or until their successors are duly elected or appointed:

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 25, 2002	Number of Options Held as of April 25, 2002
David Cynamon ⁽¹⁾⁽³⁾ Toronto, Ontario	Director, Chief Executive Officer, KIK Corporation	February 17, 1999	2,000	122,000
Jean B. Noelting ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	President and Chief Executive Officer	May 30, 2001	Nil	600,000
Dennis Wing ⁽¹⁾⁽²⁾⁽⁴⁾ Toronto, Ontario	Director, President and Director of International Operations, Fahnestock & Co. Inc	June 21, 1999	114,500	165,000
Robert H. Stikeman ⁽²⁾ Toronto, Ontario	Secretary, Partner, Stikeman, Graham, Keeley & Spiegel LLP	-	Nil	65,000

- (1) Denotes member of Audit Committee.
- (2) Denotes member of Corporate Governance & Compliance Committee
- (3) Denotes member of Compensation Committee.
- (4) Denotes member of Nominating Committee.

New Director Nominee

Robert H. Stikeman has been a partner for the past 16 years in Stikeman, Graham, Keeley & Spiegel LLP, a law firm he was instrumental in establishing. He currently acts as general counsel to the Corporation and serves as its Secretary.

RE-APPOINTMENT OF AUDITORS

It is proposed that KPMG LLP, Chartered Accountants, of Toronto be re-appointed as the Company's auditors and that their remuneration be fixed by the directors.

INFORMATION CONCERNING THE CORPORATION

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange ("TSE") requires the annual disclosure by each listed corporation of its approach to corporate governance, with reference to a series of guidelines adopted by the TSE in 1995 for corporate governance (the "Guidelines"). These Guidelines are set out in section 474 of the TSE Company Manual.

Mandate of the Board of Directors

The Board of Directors has plenary power from the shareholders to manage, or supervise the management of the business and affairs of the Corporation. The Board of Directors adopted a governance policy on July 22, 1998. Generally the Board meets a minimum of four times each year. In addition, the Board meets more often when non-routine matters requiring its approval are raised. The Board met 14 times during calendar 2001.

Specifically, the Board is responsible for the following:

- a) Regular review and approval of general business strategy and direction.
- b) Annual review of and approval of business plans.
- c) Annual and quarterly review and approval of financial statements.
- d) Regular review of senior management performance (C.E.O., C.O.O., and C.F.O.).
- e) Regular review of corporate governance practices.
- f) Regular review of compensation plans and their application.
- g) Specific approval changes to corporate by-laws.
- h) Approval of the issuance of securities.
- i) Declaration of dividends.
- j) Purchase or redemption of the shares.
- k) Review of the stock option plan and administration of same.
- l) Annual disclosure of the composition of the Board, specifically the number of unrelated and related Directors.

The Board is further responsible to ensure that the following are in place and operating effectively:

- a) A strategic and operational planning process.
- b) A risk identification, management and compliance process.
- c) A management development and successor planning process including appointing, training and monitoring senior management.
- d) A corporate communication policy and full disclosure practices.
- e) Annual review of internal controls and systems contracts, management organization and management information systems.

It is expected that members of the Board of Directors of CryptoLogic will:

- a) Act in the best interests of the Corporation to maximize shareholder value
- b) Actively promote business opportunities and business relationships to the benefit of the Corporation
- c) Carry out their duties proactively as Directors to assist management with corporate governance and management concerns.
- d) Devote sufficient time to stay current on the Corporation's plans and activities in order to knowledgeably contribute to its development.
- e) Avoid conflicts of interest and personal or business dealings with the Corporation for their own account or any business with which they are associated.

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, Chief Financial Officer, Chief Operating Officer and Director of Communications.

Expectations of Executive Officers

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

Compensation of Directors

Each non-management Director of the Corporation is entitled to receive an annual fee from the Corporation equal to Cdn.\$7,500. In addition, each non-management Director of the Corporation is entitled to receive a fee equal to Cdn.\$750 for his or her attendance at each meeting of the Board of Directors of the Corporation or a committee thereof. Management Officers of the Corporation who are Directors are not entitled to receive any fees in their capacity as Directors of the Corporation. During the year ended December 31, 2001, an aggregate of Cdn.\$27,500 in annual fees was paid to the non-management Directors of the Corporation, either directly or to certain corporations controlled by such persons, in respect of annual Directors' fees and an aggregate of Cdn.\$51,750 was paid to the Corporation's non-management Directors in respect of meetings attended by them. An aggregate of \$20,000 in fees were paid to the Chairman of the Board for the year ended December 31, 2001. In addition to the foregoing, the Directors of the Corporation are eligible to receive grants of stock options under the Corporation's stock option plan. See "Executive Compensation" below.

Composition of the Board

In the Guidelines, an "unrelated Director" is a Director who is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with that Director's ability to act with a view to the best interests of the Corporation, other than an interest arising from shareholding.

In considering their qualifications as unrelated Directors, the Board took into account certain relationships Directors have or have had with the Corporation. Mr. Stikeman is a partner in a law firm which provides advice to the Corporation and reports to the Board and not Management. While the Board of Directors does not believe that the relationship of this individual with the Corporation should

reasonably be perceived to materially interfere with that Director's ability to act in the best interest of the Corporation, under the Guidelines, Mr. Stikeman may be considered a "related Director" as he has a business relationship with the board as a paid advisor.

The Board believes that of the four proposed Directors two are "unrelated Directors" within the meaning of the Guidelines. Mr. Noelting is a "related Director", within the meaning of the Guidelines, by virtue of his office.

The Corporation has no "significant shareholders", which are defined by the Guidelines as shareholders with the ability to exercise a majority of votes for the election of Directors.

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 that 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 thereto; the Annual Information Form; annual and quarterly financial statements; this Management Information Circular; major changes in the organizational structure of the Corporation; major acquisition and disposition transactions involving the repurchase of shares under normal course and substantial issuer bid; major financing transactions including 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 four Board Committees. During fiscal 2001 the committees consisted of: the Audit Committee, comprised of four members, three of whom are unrelated Directors; the Corporate Governance and Compliance Committee comprised of four members, two of whom are unrelated Directors; the Compensation Committee comprised of two members, one of whom is an unrelated Director; and the Nominating Committee, comprised of two members, one of whom is an unrelated Director.

The Audit Committee has direct communication channels with internal personnel responsible for financial statement preparation and with the Corporation's external auditors. The Audit Committee monitors audit functions and the preparation of financial statements, and meets with external auditors independent of management. Additional responsibilities include the review of any auditors' reports to management, the review of internal controls and the review of transactions between Officers and the Company. The Audit Committee met quarterly between January 1, 2001, and December 31, 2001.

The Compensation Committee reviews the executive Officers' compensation and management's recommendations on stock option grants to employees.

The Compensation Committee meets as required to make recommendations to the Board of Directors with respect to senior executive compensation.

The compensation of the Corporations's executive Officers including the Named Executive Officers, is determined by the Board of Directors based on recommendations made by the Compensation Committee.

The Compensation Committee establishes salary ranges for the positions held by executive Officers following an annual review of the responsibilities of the Officer, the Officer's performance, experience and years of service and the salary levels for similar positions in comparable companies.

The compensation for executive Officers, including each of the Named Executive Officers, consists of a base salary and long-term share-based incentives, all of which are administered by the Compensation Committee.

The Nominating Committee recommends the appointment of new Directors to the Corporation's Board, following interviews with candidates. The Nominating Committee also assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Directors.

The Corporation has a formal process of orientation and education for new members of the Board. When relevant, this process is supplemented informally by members of the Board.

The Board has not yet 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.

The Board has not adopted a formal system which would enable an individual Director to engage an outside advisor at the expense of the Corporation in appropriate circumstances. However, the Chairman of the Audit Committee and the Corporate Governance and Compliance Committee have been authorized to retain advice in matters relating to the affairs of the Audit Committee or the Corporate Governance and Compliance Committee as the case may be.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased liability insurance for the Directors and Officers of the Corporation. The aggregate premium for such insurance for the one year period from January 1, 2001 to December 31, 2001 is US\$255,000, no part of which is payable by the Directors or Officers of the Corporation. The aggregate annual insurance coverage under the policies is limited to US\$35,000,000 per policy year. There is a US\$50,000 deductible provision (plus an additional US\$150,000 per secrecy suit) for any claim made by the Corporation, but no such provision for claims made by any Director or Officer.

EXECUTIVE COMPENSATION

As at December 31, 2001, the Company had five executive Officers. The aggregate cash compensation paid to the executive Officers during the year ended December 31, 2001 was Cdn.\$1,321,380.

The following table presented in accordance with the regulations of the Securities Act (Ontario), sets forth all compensation paid in respect of the Chief Executive Officer and those executive Officers who received in salary and bonus in excess of Cdn.\$100,000 per year (“Named Executive Officers”).

SUMMARY COMPENSATION TABLE
(in Canadian Dollars)

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Aggregate Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Jean Noelting President & CEO	2001	372,577	-	-	600,000	Nil	Nil	Nil
Anatoly Plotkin Executive Vice-President	2001	183,198	-	-	75,000	Nil	Nil	Nil
	2000	145,078	-	-	160,000	Nil	Nil	Nil
	1999	126,791	-	-	160,000	Nil	Nil	Nil
David Outhwaite Vice-President & COO	2001	233,072	5,000	7,200	80,000	Nil	Nil	Nil
	2000	147,483	-	-	50,000	Nil	Nil	Nil
Harvey Solursh⁽¹⁾ Chief Financial Officer	2001	218,400	-	-	141,500	Nil	Nil	Nil
	2000	218,587	-	-	162,500	Nil	Nil	Nil
	1999	204,000	-	-	87,500	Nil	Nil	Nil
Jenny Solursh⁽²⁾ Sr. Vice-President	2001	51,933	-	250,000	105,000	Nil	Nil	Nil
	2000	100,080	-	-	134,400	Nil	Nil	Nil
	1999	78,152	-	-	59,400	Nil	Nil	Nil

Notes:

⁽¹⁾ Harvey Solursh resigned as Chief Financial Officer of the Corporation on January 22, 2002.

⁽²⁾ Jenny Solursh resigned as Sr. Vice-President of the Corporation on June 30, 2001.

Long Term Incentive Plans

There were no such plans awarded in the last completed fiscal year. CryptLogic has no outstanding stock appreciation rights.

Options Granted During The Most Recently Completed Financial Year Ended December 31, 2001 to Named Executive Officers

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (Cdn.\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (Cdn.\$/Security)	Expiration Date
David Outhwaite	30,000	7.1%	\$23.50	Nil	April 12, 2006

Stock Options Exercised and Held

The following information concerns each exercise of options during the most recently completed financial year ended December 31, 2001 by the Corporation's Named Executive Officers, and the financial year end value of unexercised options held, on an aggregate basis.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

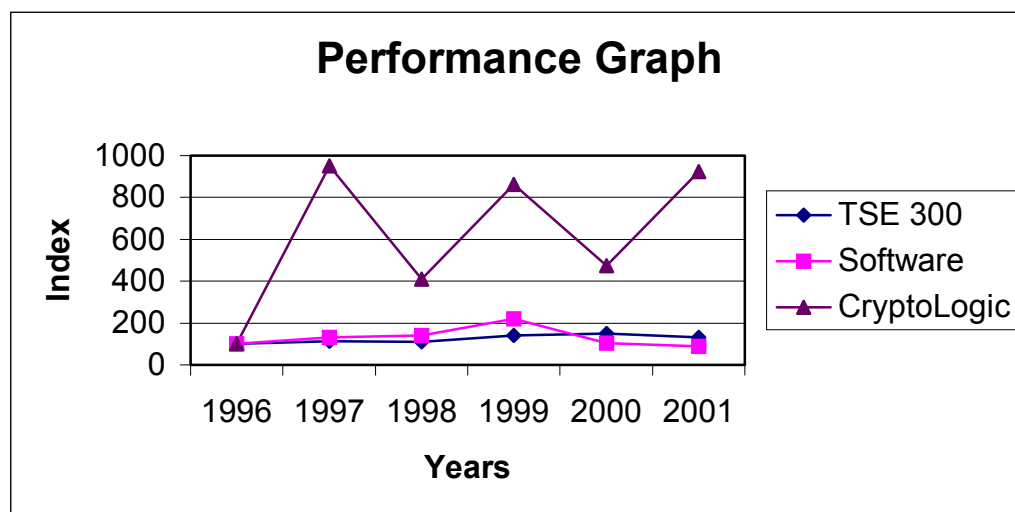
Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Options at Year End (#)		Value of in the Money Options at Year End ⁽¹⁾ Cdn. \$	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jean Noelting	Nil	Nil	200,000	400,000	2,960,000	5,920,000
David Outhwaite	Nil	Nil	31,166	48,834	88,761	209,039
Harvey Solursh	21,000	608,750	116,500	25,000	1,327,175	361,250
Jenny Solursh	29,400	375,072	40,000	65,000	498,000	903,000

Note:

⁽¹⁾ Based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2001 of Cdn.\$27.70.

PERFORMANCE GRAPH

The following graph compares the yearly percentage changes over the last five years, in the cumulative total return of the Toronto Stock Exchange 300 Stock Index (referred to as “TSE 300” in the graph below) and the Toronto Stock Exchange Software Technology Index (referred to as “Software” in the graph below):



CryptoLogic’s Closing Price as at December 31 (*in Canadian Dollars*):

1996 = \$3.00 1997 = \$28.50 1998 = \$12.30 1999 = \$25.90 2000 = \$14.25 2001 = \$27.70

EMPLOYMENT CONTRACTS WITH NAMED EXECUTIVE OFFICERS

The following summarizes the material terms of the employment contracts which have been entered into by the Corporation with the Named Executive Officers.

All of the Named Executive Officers have entered into employment contracts with the Corporation which provide for an annual base salary and certain other compensation. The employment contracts further provide that the Named Executive Officers are eligible for participation in bonuses, subject to recommendations reviewed by the Corporate Governance and Compliance Committee and reviewed and approved by the Board of Directors.

Jean B. Noelting, the President and Chief Executive Officer of the Corporation, entered into an employment agreement with the Corporation on December 11, 2000 to become the President and Chief Executive Officer effective January 8, 2001 for an indefinite term with an entitlement to 12 months notice upon a change of control or termination without cause.

David Outhwaite, the Vice-President and Chief Operating Officer of the Corporation, entered into an employment agreement with the Corporation on March 7, 2000 for an indefinite term, having a 12 month termination period.

Anatoly Plotkin, the Executive Vice-President of the Corporation, entered into an employment agreement dated December 14, 2000 for a one year term, with no termination period in exchange for the right to purchase 75,000 Common Shares of the Company at a price of \$13.25 per Common Share, expiring on December 14, 2004.

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 during the most recently completed fiscal year ended December 31, 2001.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

No insider of CryptoLogic has any interest, direct or indirect, in any material transactions involving CryptoLogic during the fiscal year ended December 31, 2001.

AUDITORS, REGISTRARS AND TRANSFER AGENTS

KPMG LLP, Chartered Accountants of Toronto, are the Corporation's auditors.

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

NORMAL COURSE ISSUER BID

In May 2001 the Corporation gave notice of its intent to issue a Normal Course Issuer Bid for up to 5% of the outstanding Common Shares over a 12-month period commencing May 18, 2001 and ending May 17, 2002 in accordance with the rules of the Toronto Stock Exchange. The Corporation has repurchased and cancelled 440,500 Common Shares of which 165,500 Common Shares were repurchased and cancelled during the period January 1, 2002 to March 31, 2002.

SUBSTANTIAL ISSUER BID

On March 13, 2001, the Corporation made a Substantial Issuer Bid by way of an Issuer Bid Circular to purchase for cash up to 1,000,000 Common Shares under a 'dutch auction' priced between Cdn.\$17.00 and Cdn.\$19.00 per Common Share, which expired on April 9, 2001. The Substantial Issuer Bid resulted in 971,103 Common Shares being purchased for cancellation on April 9, 2001 at a price of Cdn.\$19.00 per share.

On November 12, 2001, the Corporation made a Substantial Issuer Bid by way of an Issuer Bid Circular to purchase for cash up to 1,000,000 Common Shares under a 'dutch auction' priced between Cdn.\$25.00 and Cdn.\$28.00 per Common Share, which expired on January 11, 2002. The Substantial Issuer Bid resulted in 3,692 Common Shares being purchased for cancellation on December 21, 2001 at a price of Cdn.\$28.00 per share and 1,001,242 Common Shares being purchased for cancellation on January 11, 2002 at a price of Cdn.\$28.00 per share.

LEGAL PROCEEDINGS

There are no legal proceedings involving CryptoLogic or its property that materially affect its business as at the date of this Management Information Circular.

DIRECTORS' APPROVAL

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

Toronto, Ontario
April 25, 2002.

CRYPTOLOGIC INC.

*Per: "Robert Stikeman", signed
Robert Stikeman,
Secretary*

CRYPTOLOGIC INC.

**RESOLUTION OF THE SHAREHOLDERS
OF CRYPTOLOGIC INC.
ADOPTION OF THE INCENTIVE 2002 STOCK OPTION PLAN**

RESOLVED THAT:

1. The Incentive Stock Option Plan (2002) (the "2002 Plan") which is described in the Management Information Circular accompanying the notice of this meeting, be and is hereby approved;
2. The making on or prior to May 30, 2002 of any revisions to the 2002 Plan as may be required by the Toronto Stock Exchange or by professional commentators on stock option plans in order to conform the 2002 Plan to versions of stock option plans then prevalent for public reporting issuers in Canada, as may be approved by any two of the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, any Vice-President or a Director, is hereby approved; and
3. Any officer of the Corporation be and each of them is hereby authorized, for and on behalf of the Corporation, to execute and deliver such other documents and instruments and take such other actions as such Officer may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.

This resolution requires a majority vote of the shareholders other than those who are Directors, Officers, employees and consultants of the Corporation.