

NEWS RELEASE

IP Applications Corp. Announces Private Placement and Debt Settlement

Vancouver, October 19, 2007 - IP Applications Corporation (TSX-V: IPX) is pleased to announce it intends to complete a non-brokered private placement (the "Private Placement") of up to 8,571,429 common shares at a price of \$0.14 per share to raise gross proceeds of up to \$1,200,000. Pender Financial Group Corporation and Pender Growth Fund (VCC) Inc. will participate in the Private Placement. The securities will be subject to a four-month hold period. The Company intends to use the net proceeds to pay down its banking facility and to fund operating growth and future product opportunities. The closing of the Private Placement is subject to the approval of the TSX Venture Exchange (the "Exchange").

In connection with the Private Placement, Pender Financial Group Corporation and Pender Growth Fund (VCC) Inc. (together, the "Pender Group") have agreed to settle all of their existing debt, which, including accrued interest, totals \$1,086,736, in exchange for 7,762,400 common shares of the Company, at the deemed value of \$0.14 per share. This debt is currently secured by debentures granted by the Company due in March 2008. The Pender Group has agreed, as part of the debt settlement, to surrender all of the 1,350,000 common share purchase warrants it currently holds. The settlement of the debt with the Pender Group is also subject to Exchange approval.

John Jacobson, President and CEO said "The Company has achieved break-even EBITDA performance for the first half of 2007, and we're winning new contracts and pursuing even more new business. The proposed debt settlement and new investment will relieve IP Application's debt burden, simplify our balance sheet and provide the capital to pursue growth."

This transaction will constitute a "related party transaction" as such term is defined under the policies of the Exchange, but will be exempt from the valuation and minority approval requirements of that rule on the basis that the securities of the Company are listed only on the Exchange, the fair market value of the transaction is less than \$2,500,000, and the Company has an independent, non-employee director who has approved the transaction.

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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