

2008

Mitec Telecom Inc.

Annual Information Form

For the fiscal year ended April 30, 2008

July 24, 2008



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CORPORATE STRUCTURE

Name and Incorporation

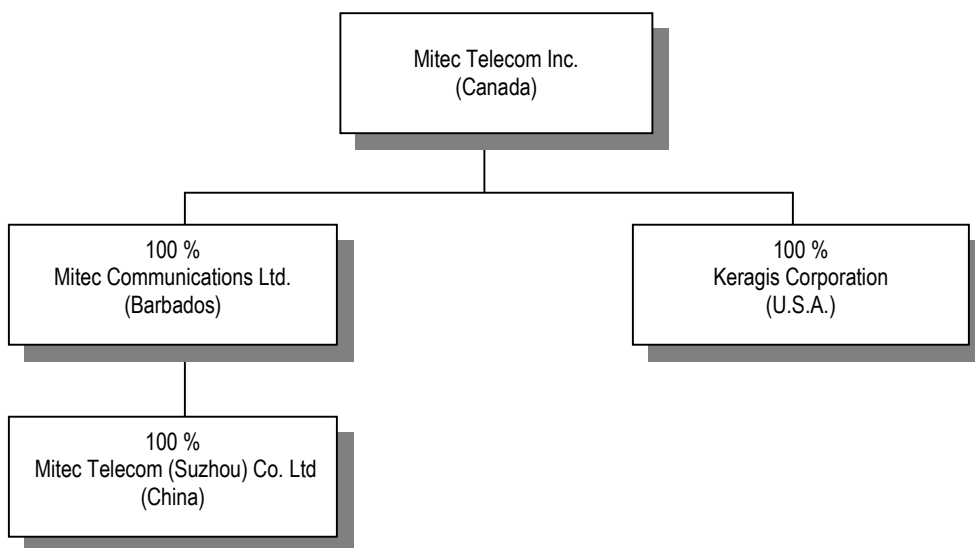
Mitec Telecom Inc. was formed on May 1, 1996 by Articles of Amalgamation issued pursuant to the *Canada Business Corporations Act*. Its articles were amended on May 14, 1996 in order to remove the private company restrictions and subdivide its common shares into a total of 6,670,000 common shares. As of April 30, 2008, there were 220,312,425 common shares of the Corporation issued and outstanding.

The head office of Mitec Telecom Inc. is located at 9000 Trans-Canada Highway, Pointe-Claire, Quebec, H9R 5Z8. The Corporation's website address is www.mitectelecom.com.

For the purposes of this annual information form, unless the context otherwise indicates, the "**Corporation**" or "**Mitec**" refers to Mitec Telecom Inc., its divisions and its material subsidiary, Mitec Communication Ltd. (Barbados) and its subsidiary, Mitec Telecom (Suzhou) Co. Ltd. (China) "**Suzhou**" and Keragis Corporation (U.S.A.) "**Keragis**", and their respective predecessors.

Inter-corporate Relationships

The following chart shows the Corporation's material subsidiaries as at April 30, 2008, and indicates their respective jurisdiction of incorporation and the percentage of voting securities of each subsidiary held or controlled by the Corporation. None of the subsidiaries indicated has any outstanding non-voting securities.



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Corporation designs and manufactures telecommunication products in two core business segments: Telecommunications (“**Telecom**”) and Satellite Communications (“**Satcom**”). The Corporation sells its components worldwide mainly to network providers for incorporation into high-performing wireless communication infrastructures that enable voice, data/Internet and ultimately multimedia communications. Mitec’s customers include major global players in the telecommunications industry.

The Corporation is headquartered in Pointe-Claire, Quebec, Canada. Worldwide operations also include a location in Suzhou (China) and in Poway (U.S.A.). The global workforce on April 30, 2008 was 401 employees.

Three-Year History

On June 4, 2005, Mitec announced that the Corporation was implementing new mandates for its primary manufacturing sites in Suzhou and Pointe-Claire. Most of Mitec’s wireless infrastructure products destined for its customer base of global wireless OEMs was transferred to its Suzhou manufacturing facility. This move was driven by the need to maximize manufacturing efficiencies, focus on value leadership and maintain close proximity to the growing Asian market for these products. In addition, the Corporation also announced that its Executive Vice-President of Global Sales and Marketing, David Kennedy, was leaving the Corporation to pursue other opportunities.

On July 1, 2005, the Corporation completed the sale of the real estate assets that remained following the sale in 2003 of substantially all the assets of its Swedish subsidiary, Beve Electronics. The proceeds of the sale, approximately \$3.9 million, were used to fully repay the remaining debt outstanding associated with these assets. A non-cash adjustment of \$1,033,000 was made to the fiscal 2005 fourth quarter results to adjust the book value for the net value realized in Canadian dollars.

On July 21, 2005, the Corporation announced that Rajiv Pancholy resigned as President and Chief Executive Officer. The board of directors named Keith Findlay as interim Chief Executive Officer and also announced that Stefano Bazzocchi was appointed as acting Chief Financial Officer.

On October 3, 2005, Mitec announced that it was streamlining its organizational structure in order to sharpen the focus of its business activities, and named the Corporation’s new management team. It also announced the departure of its Executive Vice President, Global Operations, Jean-Marc Roberge, effective October 14, 2005.

On October 18, 2005, Mitec announced that its board of directors had engaged Orion Securities Inc. to assist the Corporation in exploring strategic alternatives in order to maximize shareholder value and allow both the Telecom and Satcom segments to realize their full potential.

On October 20, 2005, at its Annual General Meeting, the Corporation outlined a series of operational initiatives to rebuild the Corporation’s value proposition. These initiatives included revamping the organizational structure, empowering a new leadership team, rebuilding customer relationships and developing a better-focused product and market strategy. Prior to the meeting, the Board named Keith Findlay as President and CEO and appointed Stefano Bazzocchi to the position of Vice President Finance and CFO. Additionally, Robert Mitchell was named Vice President of the Satcom business unit, Rob Harper was appointed Vice President of the Telecom business unit and Jeff Joseph was named Vice President of Business Development (Telecom).

On November 3, 2005, the Corporation announced further organizational changes and streamlining activities. It announced that David Embery, Vice President Asia-Pacific and General Manager of its Suzhou operations, had left the Corporation. Mitec also announced that it had appointed Marc Desjardins as Deputy General Manager and Director of Operations at the Suzhou manufacturing facility.

On December 9, 2005, Mitec announced that it secured two new contracts for its multi-carrier power amplifier (MCPA) products. The contracts were valued at over \$1.0 million. The first contract, awarded by a North American provider of converged platform solutions for wireless operators, called for dual band MCPAs which are designed to serve the base station hoteling market. The second contract was awarded by an Asian OEM of wireless systems, and called for both 150W and 200W MCPAs, which would be integrated into Tower Mounted Amplifiers (TMAs) for Asian operator deployment. Deliveries for both contracts commenced in December 2005.

On January 11, 2006, the Corporation announced that it received initial purchase orders valued at approximately \$1.2 million from a major Tier 1 OEM for a new product derived from the Corporation's proprietary Lid Mounted Resonator (LMR) radio frequency filter technology.

On April 3, 2006, Mitec announced that it received new purchase orders for its Block Upconverter "BUCs" valued at approximately \$1.5 million. The first order was from a global satellite communications company that delivers complete solutions to customers in broadcasting, telecommunications, Internet, industry and government markets. Mitec's BUCs, as well as redundancy kits and other accessories, would be deployed by a European telecom operator in Africa to support a network for remote cellular backhaul. The second purchase order was from a worldwide systems integrator specializing in customized satellite earth terminals and mission-critical network solutions for governments and businesses. Mitec's products would be ultimately deployed in defence applications.

On April 20, 2006, Mitec announced that its high-power Block Upconverters (BUCs) were selected to support a network for GSM backhaul in Africa. Mitec's C-Band BUCs were jointly selected by a major Asian network provider and a prominent Asian network operator, who were partnering to provide the network.

On May 23, 2006, Mitec announced that it commenced volume production of a new radio frequency filter product derived from the Corporation's proprietary Lid Mounted Resonator (LMR) technology, and that it received purchase orders for its filter products from a major Tier 1 OEM valued at approximately \$2.1 million. This customer had committed to make Mitec its prime supplier of filter products for its next-generation base stations.

Mitec announced some board of directors and senior management changes during the first quarter of fiscal 2007. On May 12, 2006, the board of directors appointed Jeffrey A. Mandel as a member of Mitec's Board; then, on July 28, 2006, David Scott stepped down as Chairman and Hubert Marleau was appointed to act as Interim Chairman. On August 15, 2006, the board of directors appointed Daniel Piergentili as President and Chief Executive Officer. With his appointment, Mr. Piergentili also became a member of the Mitec board of directors. Keith Findlay stepped down as President and Chief Executive Officer effective August 15, 2006 and assumed a consulting role with the Corporation. In addition, on August 30, 2006, William B. Cliff stepped down as a Board member.

On August 28, 2006, the Corporation announced the filing of a final short form prospectus in each of the provinces of Canada in connection with a rights offering to shareholders of record on September 8, 2006. In connection with the rights offering, Mitec also entered into a Stand-by Purchase Agreement with four different purchasers who agreed to buy a maximum of 35,000,000 common shares at a price of \$0.10 per share to the extent that rights were not exercised and subject to certain conditions. The four stand-by purchasers were also granted the right to subscribe for up to 35,000,000 common shares by way of private placement, at a price of \$0.10 per share should the stand-by commitment not be required. In consideration for the stand-by commitment, Mitec agreed to issue to the four stand-by purchasers an

aggregate of 8,750,000 common shares purchase warrants, each of the warrants entitling the holder to acquire one additional common share of Mitec at a price of \$0.10 per share for a period of two years. The stand-by purchasers were Howson Tattersall Investment Counsel Limited, an insider by way of its holdings of greater than 10%, Palos Capital Pool L.P., Notre-Dame Capital Inc. and Mi3 SD Inc., all of which were related by way of their association with Mitec Board members, namely Hubert Marleau, Richard Groome and Jeffrey Mandel respectively.

On October 6, 2006, Mitec announced gross proceeds of \$4.3 million from the rights offering and the issuance of 43,479,181 common shares. Since gross proceeds were in excess of \$3.5 million, the stand-by agreements were not called upon.

On October 18, 2006, the Corporation closed its private placement and issued 35,000,000 common shares and 8,750,000 warrants for a cash consideration of \$3.5 million. On October 20, 2006, Hubert Marleau was appointed as Chairman of the Board; Mitec also announced that its Vice President of Finance and Chief Finance Officer, Stefano Bazzocchi had resigned and that, effective the same day, Bruno Dumais was appointed Vice President of Finance of the Corporation.

On November 20, 2006, the Corporation announced that the General Manager of operations in China, Marc Desjardins, was leaving the Corporation to pursue other activities and that Martin Caron would be replacing Mark Desjardins as General Manager of operations in China effective immediately.

On December 13, 2006, Mitec announced that it had signed a Letter of Intent to purchase all the shares of Comhat AB. These negotiations were terminated on January 23, 2007, when the Corporation was unable to reach terms that were acceptable to both parties.

On January 31, 2007, the Corporation announced that it had closed its US operations based in Reno, Nevada to concentrate all North American operations in Montreal. Mitec also announced a strategic alliance with Broadband Wireless LLC to develop Multi-Carrier High-Power Amplifiers (MCPA) for wireless infrastructures.

On March 30, 2007, Mitec announced that it completed a private placement involving the sales of 19 million units of the Company at a price of \$0.18 per unit for gross proceeds of \$3.47 million. Each unit consisted of one common share and one common share purchase warrant entitling its holder to acquire one additional common share of the Corporation for two years at a value of \$0.22. The net proceeds of the private placement were used for working capital and potential acquisition purposes.

On September 25, 2007, the Corporation announced the acquisition, effective September 17, 2008, of Keragis Corporation, a producer of unique, next-generation amplifier solutions for commercial and military communications and radar systems, giving Mitec an extensive product offering to key US system integrators. Keragis Corporation's President, Robert Rector, was appointed Chief Technology Officer at Mitec and joined the Board of Directors at the Corporation's AGM held on October 19, 2007.

On October 19, 2007, Mitec completed a convertible debenture financing for \$2.8 million. The debentures are convertible into Common Shares of the Corporation at the lower of \$0.18 and market price (subject to a \$0.12 minimum), are unsecured and bear interest at 10% per annum. The debentures mature on October 17, 2009. The subscribers also received warrants to purchase an additional 13,890,000 common shares at \$0.18 until that same date. The proceeds were used for general working capital purposes with a focus on supporting new product.

On October 24, 2007, Robert Boisjoli and David B. Parkes were appointed to the Corporation's Board of Directors.

On January 9, 2008, Jeffrey Mandel was appointed as Director, Investor and Corporate Relations to create and manage an integrated communications strategy for the Corporation including communications

with investors and other relevant functions such as executive communications, analyst and public relations.

On January 23, 2008, the Corporation announced that it had reached an agreement to supply its rugged Tower Mount Amplifiers (TMAs) to a major North American Wireless Operator over the next two years. These TMAs are manufactured at the China facilities but the research and development was conducted in Canada.

On January 31, 2008, Mitec was awarded a new contract to provide its Very Small Aperture Satellite Terminal (VSAT) products from a major cellular network operator in Africa. Deliveries commenced in Q4 FY08 and will continue into the first two quarters of fiscal 2009.

On February 7, 2008, the Corporation announced a \$2.7M contract from a major Chinese Telecom provider for its mobile wireless interference Mitigation Filters, deliveries of which are to take place over the next two quarters.

On February 14, 2008, Mitec announced the expansion of its manufacturing capabilities in China following the move to a newly leased 38,000 square foot facility located a few kilometers from its current location in Suzhou, China.

On February 19, 2008, the Corporation announced the installation of its next generation satellite technology in a GSM base station in the Himalayas at an elevation of 20,000 feet. This technology enabled the Beijing Olympic torch relay to be broadcast from its highest point on earth.

On February 26, 2008, Mitec introduced its next-generation amplifier solutions, developed by Keragis Corporation, at the Satellite 2008 Conference and Exhibition in Washington, D.C.

On March 5, 2008, the Corporation announced that it had received a second order from a major cellular network operator in Africa to provide its Very Small Aperture Satellite Terminal component, also known as a VSAT Block Upconverter.

On April 2, 2008, Mitec announced that it had received its third order from a major cellular network operator in Africa to provide its Very Small Aperture Satellite Terminal component. Manufacturing will take place at the Corporation's Montreal facility and deliveries will be made over the next several months.

Subsequent to year-end, on May 2, 2008, the Corporation announced that it had received a \$3 million order for its wireless solution products from a major telecom provider. Deliveries are to take place over the next three to six months.

DESCRIPTION OF THE BUSINESS

The Telecommunications Industry

General: In the broad sense, wireless telecommunications refers to the transmission of voice, data or multimedia content between two points without the use of wires, facilitated by a transmitter sending signals to a receiver most often using radio waves. This segment of the telecommunications industry can be further divided into sub-segments which are identified by the underlying technology employed by each. Mitec is involved in wireless and satellite telecommunications.

Wireless Telecommunications: Wireless telecommunications employs a technology by which large geographic areas are divided into smaller subdivisions known as "cells". Each cell contains base stations which communicate with the various wireless devices, such as cellular phones, notebook personal computers, or pagers within that particular cell using microwave frequencies. As the devices

pass from one cell to another, they communicate with a new base station dedicated to the new cell in which they are situated. The base stations act as relay points re-sending all signals either to other base stations via millimetre microwave links or to a traditional wire-based public telephone network and ultimately on to the intended receiver.

Satcom: Satellite telecommunications is similar to microwave telecommunications in that microwave signals are used to communicate between ground stations. However, satellite telecommunications differs from microwave telecommunications in that a satellite is used as a relay point in order to avoid earth-based obstructions, thereby enabling communication between fixed or mobile ground stations placed at greater distances from one another, such as across an ocean or a continent.

BUSINESS STRATEGY

Mitec's core competence in the development and manufacture of leading RF hardware remains key as the world increasingly moves towards wireless as the preferred connection medium at network edges. With a challenging year behind us, Mitec will continue to focus on niche opportunities that will contribute high gross margins.

Key Drivers

Focusing Research and Development ("R&D") on active products and technologies (power amplifiers, SSPAs and BUCs):

- Higher gross margin PA markets.
- High commonality of design resources within the development team.
- Reduce time to Market for new designs.
- Integrate Keragis high efficiency PA technology in new products for VSAT and Satcom.

Market diversification:

- Broadcast Arena (Mobile TV networks)
- Operator based network coverage and expansion products.
- Develop BUC and SSPA products for the military markets leveraging new amplifier technology from Keragis.

Customer diversification:

- New customers that require specialized niche filter products with higher ASP's.
- Develop sales channels into up and coming Chinese Network OEM's

Mitec has the following key objectives:

Focus on the Growing Telecommunication Market: Mitec intends to apply the technological expertise it has developed over the past 35 years in radio frequency ("**RF**") products by continuing to develop products to Telecom and Satcom infrastructure equipment markets.

Achieve Technological Leadership: Mitec intends to continue its efforts to achieve performance leadership in RF products through the design and timely commercialization of ongoing advances in amplifiers, multi-carrier amplifiers, RF subsystems, filters, flexible waveguides, redundancy switching systems and other related products and technologies. Research and development ("**R&D**") investment is key to maintaining Mitec's technology leadership. R&D investment will continue as Telecom technology continues to evolve and network equipment providers are outsourcing more of their R&D activities. Mitec will continue to be a leader in innovation as can be demonstrated with its success in establishing the LRM technology. The acquisition of Keragis was part of this strategy, providing the latest high efficiency amplifier technology which is expected to establish Mitec as a technology leader in existing markets and offer entry into Military markets.

Create New Value-Added Products: Mitec intends to further enhance its position in the base station market by expanding the capabilities of its subsystems and multi-function subsystems (“**MFS**”s) to encompass a greater portion of the base station functionality. For example, within the Telecom segment, there is an increasing need for monitoring and alarm and control products, which oversee the functioning of the various equipment in satellite earth stations and broadcast transmission sites. Mitec has developed a capability for such products and, over the past eight years, Mitec's activities in this field have progressed to become a distinct department with its own firmware and software engineering capabilities.

Maintain Price Competitiveness: Mitec intends to remain price competitive through enhancing and increasing its use of manufacturing and test automation. This could include the outsourcing of those functions. In addition, management believes that the Corporation's capabilities in integrating numerous functions into single units will enable the Corporation to continue to produce high performance products at competitive prices. Mitec will continue to use disruptive technologies to become a trendsetter in achieving performance and price leadership.

Products

Mitec designs and manufactures telecommunication products addressing the wireless and satcom markets. The Corporation sells its components worldwide mainly to network providers for incorporation into high-performance wireless communication infrastructures that enable voice, data/Internet and ultimately multimedia communications. Mitec's equipment is integrated into telecommunications systems and then sold to telecommunications service providers, including telephone, cellular, paging, data and broadcast companies, who use it in constructing their communications networks.

Over the past 35 years, Mitec has developed an expertise in designing and manufacturing wireless, microwave and satellite transmission system products such as amplifiers, duplexers, filters and isolators/circulators and in integrating these components into MFSs. Mitec has designed, produced and supplied wireless infrastructure equipment in the following areas:

- VSAT uplink networks;
- components, subsystems and MFSs used in the construction of base stations for existing cell-based networks as well as for the new Personal Communication Systems (“**PCS**”) / Personal Communications Network (“**PCN**”) cell-based networks;
- uplink and downlink network MFSs to be integrated into earth stations for satellite communications.

Management expects continued growth in the demand for earth stations in order to accommodate VSAT hubs as a wireless backhaul solution for wireless networks and the growth of broadcast applications such as mobile TV broadcast, both domestically and internationally. Emerging countries also need Satcom teleports and VSAT equipment to continue developing their telecommunications infrastructures.

The following is a list of Mitec's products and the business segment that produces them:

PRODUCT	MARKET SEGMENT
Amplifiers	Telecom
Multi-Carrier amplifiers	Telecom
Masthead amplifiers	Telecom
Booster amplifiers	Telecom
Duplexers	Telecom
Filters	Telecom
Tower Top receivers	Telecom
Receiver multi-couplers	Telecom
Coaxial duplexers and filters	Telecom
Integrated LNA duplexer assemblies	Telecom
Filters-subsystems	Telecom
Circulators, isolator, couplers and flexible waveguides	Telecom, Satcom
Wave guides (rigid/flexible)	Satcom
Redundancy switching networks	Satcom
Monitoring and control systems	Satcom
Output arms	Satcom
Solid state power amplifiers	Satcom
VSAT products	Satcom

Customers

The Corporation's products are sold to network providers, system integrators and system operators worldwide. Certain customers are active in each of the wireless, microwave and Satcom segments of the market, thereby enhancing the Corporation's ability to strengthen strategic alliances and broaden its product mix.

The Corporation's customers include many of the world's largest network providers and systems integrators, including Nortel Networks, Globecom, Alcatel, Andrew, Ericsson, Datapath, Viasat, Ceragon Networks, Huawei, Xicom, RFS, ZTE, Echostar, EADS Astrium and L3 Communications.

As Mitec's customers include the dominant players in the telecommunications industry, a large proportion of its revenues are derived from repeat customers. For the financial year ended April 30, 2008, approximately 75% of revenues were derived from repeat customers. Moreover, the vast majority of Mitec's revenues are derived from sales outside of Canada, namely from sales to the United States, Europe and from Asia.

A significant portion of the Corporation's sales for the current financial year are attributable to one customer who accounted for 31% of the Corporation's sales for the financial year ended April 30, 2008. This customer purchased a variety of products through a number of different divisions from the Telecom sector.

Sales and Marketing

The sales and marketing efforts in support of Mitec's products are carried out through its own North and South American, European and Asian network of regional sales personnel, each of whom possess a strong understanding of Mitec's product line and customer base. Independent technical representatives in major European countries such as France, Italy and Germany are also engaged. In addition, the Corporation has independent technical representatives in Israel and Australia. As of April 30, 2008, the Corporation had a direct sales and marketing staff of 11 people, 6 of whom were located in Canada, 3 in China, 1 in Europe and 1 in the US.

Mitec sells its products primarily through on-site visits with its customers and through its participation in trade shows followed by visits to potential customers. Sales for larger subsystems typically involve the Corporation responding to a customer's specified requirements and are concluded with a signed letter of intent establishing specifications, price, quantity and delivery schedules. This is supported by a supply agreement and subsequent purchase orders. Mitec is also establishing value-added resellers ("VAR"s) as a means of providing global coverage in the sale of its products.

Service and Warranty

Mitec offers warranties of various lengths which differ by customer and product type and typically cover defects in materials and workmanship. The Corporation performs warranty obligations and other maintenance services for its products produced at its facilities in Pointe-Claire (Canada), Poway (USA) and Suzhou (China).

Manufacturing and Quality Control

Mitec designs, manufactures, assembles, tests, packages and ships its products from its facilities located in Pointe-Claire (Canada), Suzhou (China), and Poway (USA), depending on the location of the ultimate customer and the nature of the product itself. The Corporation has established design and manufacturing capabilities, thereby achieving a local presence in each of its major markets.

<u>Locations / Facilities</u>	<u>Activities</u>	<u>Markets / Products</u>
Pointe-Claire (Canada)	Design and manufacturing	Wireless and Satcom
Suzhou (China)	Design and manufacturing	Wireless
Poway (USA)	Design and manufacturing	Wireless and Satcom

Mitec's manufacturing process begins with either the procurement or manufacture of subcomponents, depending on the product or the facility. Subcomponents range from base metals to fully populated printed circuit boards. These subcomponents are then assembled into components and products and tested. In some cases, these components and products are then shipped directly to the customer while in other cases they are integrated with other components to form subsystems and value-added products. Raw materials and subcomponents used in the Corporation's manufacturing process are generally purchased from various local suppliers, it being the Corporation's policy to use redundant sourcing to assure a continuous and reliable flow of supplies. However, for one of its subcomponents there may exist only one source of supply. Furthermore, certain key suppliers have entered into stocking agreements with the Corporation whereby they undertake to maintain adequate supplies of subcomponents based on estimates given by Mitec. Raw materials and subcomponents are ordered from suppliers under master purchase agreements with deliveries timed to meet the Corporation's production schedules.

Every Mitec product is inspected and tested prior to shipment to assure that it conforms with the customer's needs and specifications and with industry standards. For some products, testing is performed through the use of automatic test equipment developed by Mitec. The Corporation warrants new products against defects in design, materials and workmanship. Presently, the Pointe-Claire and Suzhou facilities are certified ISO 9001.

Research and Development

The Corporation's R&D program is focused on designing and developing new products for the wireless telecommunications industry and enhancing existing product lines, in terms of both performance and cost of production. R&D is also dedicated to improving the Corporation's manufacturing process through the use of new materials and processes and through the development and use of product design software enabling Mitec to determine limiting factors in a design approach. The Corporation is also actively exploring enhanced testing techniques such as ATE. The Corporation uses a Computer Assisted Design ("CAD") environment employing networked workstations to model and test new circuits. This design environment, together with the Corporation's experience in modular product architecture, allows the Corporation to rapidly define, develop and deliver new and enhanced products and subsystems sought by its customers.

Mitec has historically devoted a significant portion of its resources to R&D and expects to continue to allocate significant resources to these efforts in the future. As at April 30, 2008, the Corporation employed 57 people in R&D. The Corporation's R&D expenses in the fiscal years 2006, 2007 and 2008 were \$7.3 million, \$5.5 million and \$4.5 million respectively, representing 16.5%, 16.1%, and 12.3% respectively, of total revenues. Management expects R&D expenses to increase in absolute value and to decrease in terms of percentage of sales.

The Corporation does not have a policy of seeking patents on inventions resulting from its ongoing R&D and manufacturing activities. However, one specific recently developed product using advanced die-electrical resonator technology reducing filter size is currently patent-pending. Keragis' technology is also patent-pending. The Corporation believes that the success of its business depends more on the collective strength of its manufacturing processes, the employees' expertise, and the patent protection.

Competition

The ability of the Corporation to successfully compete and sustain its growth and profitability depends in part upon the rate at which network providers and system integrators build and improve their networks. The Corporation's future success in the wireless telecommunications industry is partially dependent upon the extent to which the large network providers continue to purchase components from outside sources rather than manufacture their own components, subsystems and products. However, the Corporation's strategy has been to sell its products not only to network providers, but also directly to the system operators thereby diminishing its dependence on any single market segment. In addressing the requirements of its customers, the Corporation competes on the basis of product functionality, price, technical performance, delivery capability, product time-to-market and product quality and reliability. Management believes that overall the Corporation competes favourably with respect to the foregoing elements.

Management believes that, although competition exists for the Corporation's components and subsystems for Satcom markets, notably from Apollo Microwaves Limited and Advantech and Wavestream, none of the Corporation's competitors offers as full a range of products as is offered by Mitec. Competition in the wireless market segment exists from RF Cellwave, a division of Alcatel, Andrew Corporation and Powerwave Technology among others. The Corporation competes with these other manufacturers based on price, performance and product availability.

Facilities

The Corporation leases an 89,500 square foot facility in Pointe-Claire (Canada), which lease expires in October 2008. This facility has 60,000 square feet of manufacturing space and 29,500 square feet of R&D and administration space. This facility is used by all revenue segments. The Corporation also owns a 20,000 square foot facility in Pointe-Claire (Canada), which is used for manufacturing for its satcom and wireless segments. The Corporation also leases the following premises:

<u>Location</u>	<u>Area</u> (in square feet)	<u>Purpose</u>	<u>Expiry Date</u>
China Suzhou	38,000	R&D, Manufacturing, Sales, and Administration	March 3, 2011
Canada Pointe-Claire	3,200	R&D, Manufacturing, Sales, and Administration	October 16, 2008
USA Poway	6,429	R&D, Manufacturing, Sales, and Administration	February 14, 2009

Employees

As at April 30, 2008, the Corporation had a total of 401 employees worldwide, including 30 employed in management and administration, 57 employed in R&D, 303 employed in manufacturing, production, engineering and testing, and 11 employed in sales and marketing.

The Corporation is non-unionized and management views its relations with employees as being very good. The Corporation has a policy of entering into confidentiality and non-disclosure agreements with its employees and limiting access to and dissemination of its proprietary technology. In addition, the Corporation has adopted a Code of Ethics, Disclosure Policy and Whistle Blower Policy designed to promote good governance, transparency and effective communication between employees, management and the public. In particular, the Corporation now requires that its managers provide certification to the Chief Executive Officer and Chief Financial Officer on a quarterly basis as to the reliability of certain information used in the preparation of the Corporation's financial statements. To assist in attracting and retaining skilled and motivated employees, the Corporation has established a stock option plan.

Environmental Matters

In January 1997, the Corporation received notice from attorneys for the residents of a house in Williston, Vermont, of a potential claim alleging property damage and personal injury arising from the presence of certain contaminants in the groundwater beneath their property. The notice alleged that the contaminants came from sources located on a lot leased in the past by Mitec Systems Inc. In 1999, they filed a lawsuit in Vermont against the Corporation and two related companies claiming unspecified personal injuries and diminution in value for their residential property. The Corporation settled this legal action for approximately \$240,000 (US \$175,000) and recorded the settlement and associated legal fees in 2004. The Corporation is seeking restitution from its insurance company and the insurance company has claimed recoupment of certain fees from the Corporation. On February 1, 2007, the Superior Court entered judgment in favour of the insurance company in the amount of \$189,073 plus interest from February 1, 2007. The Corporation believes it has several strong arguments and appealed to the Vermont Supreme Court. The outcome is presently not determinable and therefore no provision has been made in the accounts.

In February 1999, the Corporation entered into an agreement with the State of Vermont whereby the Corporation has agreed to perform a site investigation and the State has agreed to use its resources to identify all individuals and entities potentially responsible for the site contamination. The State of Vermont also requested that the United States Environmental Protection Agency cases its investigation of the site. The site investigation undertaken by the Corporation has been concluded and the data and information collected indicates that there are a number of other possible sources of groundwater contamination. The State of Vermont has stated that it has no funding to undertake the next steps with respect to the groundwater contamination and has asked the United States Environmental Protection Agency to revive its investigation of the contamination. The United States Environmental Protection Agency ("USEPA") has agreed to do so. In May 2007, USEPA notified Mitec that it considered Mitec to be a potentially responsible party with respect to the Alling Industrial Park contamination and asked if Mitec was willing to enter into negotiations. Mitec commenced confidential settlement negotiations and with the USEPA to resolve the agency's cost reimbursement claim. Subsequently, USEPA issued a special notice letter triggering a statutory negotiation period in which a formal demand for reimbursement was made. In response to the negotiations and, in July 2008, a settlement agreement was proposed by the USEPA which is currently being reviewed by Mitec. However, there remains uncertainty as to the finalization of the actual amount to be paid and certain other terms of the settlement agreement.

The Corporation's former landlord in the New Jersey facility has instituted legal action against the Corporation and certain of its sub-tenants for damages to the leased premises. The outcome is presently not determinable and therefore no provision has been made in the accounts.

The Corporation is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. It is the opinion of management that a final determination of these proceedings cannot be made at this time but should not materially affect the Corporation's financial position or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis for the year ended April 30, 2008 is incorporated herein by reference.

RISK FACTORS

Mitec operates in industry segments that have a variety of risk factors and uncertainties. The Corporation's business could be materially and adversely affected by any of the risks and uncertainties described below. Additional risks and uncertainties not presently known to Mitec or presently or currently immaterial may also adversely affect its business in the future.

The key risks identified by the Corporation, and the key elements of the Corporation's strategy for minimizing these risks are set out on pages 9 to 12 of the Corporation's Management and Discussions and analysis ("**MD&A**") for fiscal 2008, under the heading "Risks and Uncertainties" which is specifically incorporated herein by reference. The MD&A is filed on SEDAR and may be accessed under the Corporation's profile at www.sedar.com.

GOING CONCERN UNCERTAINTY

The consolidated financial statements for fiscal 2008 have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation has a history of losses over the past seven years and currently does not have the necessary financing in place to support continuing losses. Historically, the Corporation has financed its

operating and capital requirements mainly through issuances of debt and equity. The Corporation's continuation as a going concern is dependant upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, a return to profitable operations and the generation of cash from operations, the ability to secure new financing arrangements and new capital. These matters are dependent on a number of items outside of the Corporation's control and there is uncertainty about the Corporation's ability to continue as a going concern.

The consolidated financial statements do not reflect any adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate for these consolidated statements, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

Management's plans with respect to the uncertainties described are as follows:

1. Approaching potential lenders to secure operational financing;
2. Investigate a range of alternatives to expand its Telecom and Satcom Business Units.

During the fiscal year ended April 30, 2008, the following transactions, aimed at addressing the uncertainties described above, occurred:

- a. The Corporation completed the acquisition of Keragis Corporation, a California-based company involved in the design and manufacture of high power solid state power microwave amplifiers technology for the military and radar;
- b. The Corporation completed a convertible debenture financing of \$2.5 million;
- c. The Corporation announced that it entered agreements:
 - to supply its rugged Tower Mounted Amplifiers to a major North American Wireless Operator over the next two years;
 - to provide its Very Small Aperture Satellite Terminal product, also known as a VSAT Block Up converter, for a major cellular network operator in Africa;
 - to deploy its mobile wireless Interference Mitigation Filters totalling \$2.7 million from a major Chinese Telecom provider.
- d. The Corporation unveiled its next-generation amplifier solutions, developed by recently acquired Keragis.

DIVIDEND RECORD AND POLICY

The Corporation intends to retain its earnings to finance growth and does not expect to pay dividends on its common shares in the foreseeable future. The board of directors of the Corporation will review this policy from time to time having regard to the Corporation's financial condition, its financing requirements and other factors it considers relevant. No cash dividend was paid by the Corporation in each of the three most recently completed fiscal years.

CAPITAL STRUCTURE

The authorized share capital of the Corporation is comprised of an unlimited number of common shares without par value of which 220,312,425 are outstanding as at April 30, 2008. Each common share entitles the holder to one vote per share. The holders of common shares are entitled to receive notice of meetings of shareholders of the Corporation and to vote at such meetings. The holders of common shares are entitled to receive, as and when declared by the board of directors, dividends in such amounts as shall be determined by the Corporation's board of directors. The holders of common shares have the right to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

MARKET FOR THE NEGOTIATION OF SECURITIES

The common shares of the Corporation are listed and posted for trading on the Toronto Stock Exchange and are traded under the symbol MTM.

Price range and trading volume

The following table sets forth, for the periods indicated, price ranges and volume of average daily trading of the common shares of the Corporation on the Toronto Stock Exchange in fiscal 2008:

Month	High	Low	Volume
April 08	0.16	0.13	133,800
March 08	0.18	0.14	271,200
February 08	0.20	0.14	710,900
January 08	0.16	0.09	538,300
December 07	0.13	0.09	211,800
November 07	0.16	0.08	293,900
October 07	0.18	0.15	178,900
September 07	0.19	0.14	174,400
August 07	0.19	0.13	134,100
July 07	0.23	0.16	204,500
June 07	0.24	0.20	269,300
May 07	0.24	0.19	280,300

DIRECTORS AND OFFICERS

Listed below is certain information concerning the directors and executive officers of the Corporation. Each director is elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed. Executive officers are appointed annually and serve at the discretion of the board of directors. This information is given as at July 24, 2008:

<u>Name and Municipality of Residence</u>	<u>Position or Office with the Corporation</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Robert Boisjoli ^{(1),(2)} Montreal, Quebec	Director and Chairman of Audit Committee	President, Atwater Financial Group	2007
Bruno Dumais, CA Beaconsfield, Quebec	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of the Corporation	N/A
Jeffrey A. Mandel Toronto, Ontario	Director and Chairman	President of AMR Securities Services Inc.	2006
Hubert R. Marleau ^{(1),(2)} Montreal, Quebec	Director	President, Palos Capital Corporation	1996
David B. Parkes ^{(1), (2)} Toronto, Ontario	Director	President, David B. Parkes and Associates Inc.	2007
Daniel Piergentili Longmont, Colorado	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	2006
Robert Rector Poway, California	Director, Chief Technology Officer	President, Keragis Corporation	2007
Charles R. Spector Westmount, Quebec	Director	Managing Partner (New York), Fraser Milner Casgrain LLP	1996

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance and Compensation Committee.

The directors and officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control over 12,179,105 common shares or 5.53% of the Corporation's common shares.

Principal Occupations of Directors and Officers

During the past five years, all of the directors and officers whose names appear above have held the positions shown or held management responsibilities in the same or related companies, with the exception of:

Robert Boisjoli is currently the President of Atwater Financial Group. Prior to the Atwater Financial Group, Mr. Boisjoli was the Chief Financial Officer and co-founder of Xanthus Pharmaceuticals, Inc. and was head of Investment Banking in Quebec for various Canadian securities firms. Prior to his career in investment banking, Mr. Boisjoli spent ten years as an independent business valuator with two leading firms specializing in business valuation.

David B. Parkes owns and operates David Parkes and Associates Inc., an executive consulting firm specializing in turnarounds and fast growth management challenges. He has served as Chairman of SelectCore since January 2007 and was previously President and CEO of Sprint Canada, Look Communications and Telespectrum Canada. Mr. Parkes entered the telecommunications industry as a founding executive of Cantel Inc. (now Rogers Wireless).

Robert Rector, a telecom veteran with more than 40 years of experience in wireless telecommunications, joined the Mitec Board in 2007 following the Mitec's acquisition of Keragis Corporation, a company he founded in 1996. He also serves as Mitec's Chief Technology Officer. Mr. Rector began his career in 1964 as part of Sylvania's microwave engineering staff. He later held positions of increasing responsibility with Zeta Labs, Varian Associates, Dexcel and Litton Associates. Mr. Rector founded IR&D Electronics Inc. and MAR Associates, in the 1980s.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation and based on information provided by the nominees, with the exception of the facts disclosed below with respect to Mr. Boisjoli, no director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date of the annual information form or has been, within the 10 years before the date of the annual information form, a director or executive officer of any company that while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Corporation being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (b) has, within the 10 years before the date of the annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder, state the fact.

Mr. Boisjoli is currently a Director of Mistral Pharma Inc., that on June 13, 2008 submitted a Notice of Intention to make a proposal to its creditors under the Bankruptcy and Insolvency Act.

To the knowledge of the Corporation, with the exception of the facts disclosed below with respect to Mr. Marleau, no director or executive officer of the Corporation (i) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

In August 2003, Mr. Marleau sought registration as a Financial Advisor with the CVMQ, and duly filed an application for said purpose at that time. On November 13, 2003, Mr. Marleau and Gestion Palos Inc. undertook with the CVMQ to cease acting as dealers or advisors until such time as Gestion Palos Inc. was registered with the CVMQ as an advisor. Such registrations were granted by the CVMQ on December 15, 2003.

Conflicts of Interest

The Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and a director or officer of the Corporation other than the fact that Charles R. Spector, a director of the Corporation, is a partner of Fraser Milner Casgrain LLP, counsel to the Corporation.

AUDIT COMMITTEE INFORMATION

The Corporation's audit committee (the "**Audit Committee**") is appointed by the board of directors to assist the board in fulfilling its oversight responsibilities. All Audit Committee members are financially literate, meaning they are able to read and understand financial statements of a complexity level comparable to that of the financial statements of Mitec. The Audit Committee's charter is appended hereto as Appendix "A".

Audit Committee Members

Robert Boisjoli (Montreal, Quebec) (Chair): Mr. Boisjoli, a member of the Mitec Board since 2007, is President of the Atware Financial Group. Prior to this, Mr. Boisjoli was the Chief Financial Officer and co-founder of Xanthus Pharmaceuticals, Inc. as well as was head of Investment Banking in Quebec for various Canadian securities firms, where most of his activities involved raising equity for emerging companies in the biotech and information technology fields. Prior to his career in investment banking, Mr. Boisjoli spent ten years as an independent business valuator with two leading firms specializing in business valuation. During his career, Mr. Boisjoli has valued over 500 businesses for general corporate finance purposes and has assisted numerous enterprises in their pursuit of strategic mergers and acquisitions. Mr. Boisjoli has also lectured at the graduate level at McGill University and on behalf of the Order of Chartered Accountants. He serves on the board of various companies and professional organizations. Mr. Boisjoli is a Chartered Accountant and Chartered Business Valuator. He also holds a Bachelor of Commerce Degree and a Graduate Diploma in Accountancy from Concordia University.

Hubert R. Marleau (Montreal, Quebec): Mr. Marleau is currently President and Managing Partner of Palos Capital Inc., a private investment corporation, has extensive expertise in corporate finance and business operations, and is well versed in the breadth and complexity raised in the financial statements and accompanying documents of public companies. With over 40 years of experience in the business and financial community, Mr. Marleau has raised funds privately and publicly for hundreds of emerging and mature companies, structured many mergers and acquisitions as well as designed and created numerous financial deals in Canada. Mr. Marleau has worked at the executive level of several large investment firms notably, Nesbitt Thomson Inc., Levesque Beaubien Inc. as well as his own publicly-traded brokerage firm, Marleau, Lemire Inc. Throughout his career, Mr. Marleau has been a board member for a multitude of publicly traded companies. These companies currently include: A&E Capital Funding Inc., BDP Retirement Home, CanAlaska, CFS Group Inc., International Freegold Inc., Stanstead Capital Inc., North Hatley Inc., SGI Properties Inc., Magistral Biotech, Niocan Inc., Olco Petroleum Inc., Uni-Select Inc. and Warnex Pharmaceuticals Inc.

David B. Parkes (Toronto, Ontario): Mr. Parkes owns and operates David Parkes and Associates Inc., an executive consulting firm specializing in turnarounds and fast growth management challenges. He has served on the Mitec Board since 2007. Mr. Parkes has served as Chairman of SelectCore since January 2007 and was previously President and CEO of Sprint Canada, Look Communications and Telespectrum Canada. Mr. Parkes entered the telecommunications industry as a founding executive of Cantel Inc. (now Rogers Wireless). Mr. Parkes holds a BSc and an MBA from York University and is active in such organizations such as the Canadian Special Olympics, Junior Achievement Metro Toronto and Junior Achievement Canada.

Pre-approval of Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services. The Chair of the Audit Committee is given limited delegatory authority from time to time by the Audit Committee to pre-approve permitted non-audit services. The Audit Committee also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditors.

External Auditor Service Fees

The following table discloses fees billed to the Corporation in 2008 by its auditors BDO Dunwoody LLP/s.r.l. and in 2007 by its former auditors, Ernst & Young LLP:

Type of Service Provided	2008	2007
Audit Fees	\$151,215	\$196,415
Audit Related Fees	\$32,656	\$76,525
Tax Fees	\$10,000	\$72,200
Other Fees	\$9,550	\$3,000

Fees for audit services include fees associated with the annual audit and fees associated with regulatory filings. Audit-related fees are for services provided by BDO Dunwoody LLP/s.r.l. that are reasonably related to its role as auditor, and consist principally of advice on accounting standards and other specific transactions. Tax fees include tax compliance, tax advice and tax planning, including expatriate tax services. All other fees would principally include all other support and advisory services.

LEGAL PROCEEDINGS

The Corporation is subject to various claims and contingencies related to lawsuits and other matters arising in the normal course of operations. Management believes that the ultimate liability, if any, arising from such claims or contingencies, is not likely to have a material adverse effect on the results of the Corporation's operations or its financial condition.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the Corporation's directors or executive officers, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Corporation's outstanding voting securities, and no associate or affiliate of any of the persons or companies referred to above, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of the Corporation is CIBC Mellon Trust Company, at its principal offices located in Montreal and Toronto.

MATERIAL CONTRACTS

The Corporation currently has no material contract that was entered into during the most recently completed financial year outside of the normal course of business.

INTERESTS OF EXPERTS

The Corporation's auditors are BDO Dunwoody LLP/s.r.l., Montreal, Canada. As of July 24, 2008, the partners, associates and employees of BDO Dunwoody LLP/s.r.l., as a group, did not beneficially own, directly or indirectly, more than one percent of any class of the Corporation's outstanding securities.

In addition, none of BDO Dunwoody LLP/s.r.l.'s directors, officers or employees is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

When the Corporation's securities are in the course of a distribution pursuant to a short form prospectus, the Corporation will provide copies of the following documents to any person or company upon request to the Secretary, Mitec Telecom Inc., 9000 Trans-Canada Highway, Pointe-Claire, Quebec H9R 5Z8:

- the Annual Information Form, together with a copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form;
- the comparative financial statements of the Corporation for the most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and management's discussion and analysis as well as one copy of the most recent interim financial statements that have been filed, if any, for any period after the end of the Corporation's most recently completed financial year;
- the Corporation's most recent information circular in respect of the most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular; and
- any other document that is incorporated by reference into the preliminary short form prospectus or the short form prospectus.

At any other time, a copy of any documents referred to in the paragraphs above may be obtained upon request to the Secretary, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Corporation's comparative financial statements for its most recently completed financial year. Copies of these documents and additional information relating to the Corporation are available on SEDAR at www.sedar.com.

Additional information, including information on the remuneration of senior executives, indebtedness of senior executives, the principal holders of securities of the Corporation, as well as the interests of insiders in material transactions, as the case may be, is presented in the Corporation's information circular prepared for the solicitation of proxies pertaining to the annual meeting of the shareholders of the Corporation to be held on October 14, 2008. Additional financial information, in particular, the audited consolidated financial statements, are included in the annual report to the shareholders of the Corporation for the financial year ended April 30, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation, or excerpts therefrom, filed with various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated herein by reference and form an integral part of this annual information form:

- the financial statements of the Corporation and the notes thereto as at and for the year ended April 30, 2008 with the auditor's report thereon; and
- the Management Discussion and Analysis of the Corporation for the year ended April 30, 2008.

DATE OF INFORMATION

Unless otherwise specified, the information contained in this annual information form is given as at April 30, 2008.

APPENDIX “A”

MITEC TELECOM INC. AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (“the Committee”) is appointed by the board of directors (the “Board”) of Mitec Telecom Inc. (the “Corporation”). Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to shareholders and others, the systems of internal controls that management and the Board have established, and the Corporation’s audit process. In carrying out its purpose, the Audit Committee shall at all times comply with all relevant laws and regulations.

Composition

The Committee shall consist of at least three directors who satisfy the independence, financial literacy, expertise and experience requirements of the law governing the Corporation and the applicable rules of the Toronto Stock Exchange. Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his or her independent judgment. Each member may be removed or replaced at any time by the Board, and each shall hold office until the earlier of the close of the next annual meeting of shareholders of the Corporation or the member’s resignation, removal or replacement. A Chair shall be appointed annually by the Board from among the members.

Meetings

The Committee shall meet at least four times annually and shall meet in separate private sessions at least every quarter with management, the internal auditor, and the independent auditor to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

A simple majority of the Committee members shall constitute a quorum. The internal auditor shall be given notice of and have the right to be heard at every meeting of the Committee. Any representative from the external or internal auditors, management, or legal counsel may be required by the Committee to appear before it.

If all members consent, any member may participate in a meeting by such telephonic or electronic means as will permit all persons participating in the meeting to communicate adequately with each other and a member participating by such means is deemed to be present at that meeting. Minutes of all Committee meetings shall be provided to the Board and any information reviewed by the Committee shall be made available to any Board member upon request.

Review and Reporting Procedures

The Committee shall:

Review the adequacy of this Charter and its own performance annually and recommend any proposed changes to the Board.

Review and/or investigate any financial, internal control, or risk management related issue or activity of the Corporation and report to the Board at its next regular meeting all such actions taken since its last report.

In consultation with the independent and the internal auditors, review the adequacy and integrity of the organization’s financial reporting processes and consider the independent auditor’s opinions about the quality and appropriateness of the Corporation’s accounting practices.

Review and approve for recommendation to the Board the Corporation's annual financing plan, any amendments thereto, and details of specific proposed financings.

Financial Reporting

In order to ensure that the Corporation's annual and interim financial statements are fairly presented in accordance with generally accepted accounting principles, that these statements and any related press release are in form and content sufficient for the Committee to recommend that they be approved by the Board, and that the financial statements contained in any financial disclosure documents is complete and accurate in all material respects, the Committee shall:

Review periodically and satisfy itself that adequate procedures are in place for the systematic review of the Corporation's Financial Information.

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements to understand their impact on the financial statements and assess the quality and appropriateness of the Corporation's accounting and reporting principles and policies.

Review and evaluate the reasonableness, accuracy, underlying assumptions, and significance of all matters relevant to the annual audited financial statements and the quarterly financial statements, including any discussion or analysis of these statements and any matters relating thereto that are required to be discussed under applicable laws or regulations.

Review the financial information included in any prospectus or information circular prior to its release and, as appropriate, recommend to the Board whether such prospectus or information circular should be approved by the Board.

Internal Controls and Risk Management Processes

To ensure that the Corporation has appropriate processes in place to manage the principal risks of its business, the Committee shall:

Review internal processes for assessing and managing the principal risks of the Corporation's business with the independent auditor, the internal auditor, management and appropriate personnel.

Review with management, the independent auditor and the internal auditor the adequacy of the Corporation's internal controls including computerized information systems, controls and security, and any related significant internal control findings and recommendations of the independent auditor or internal auditor together with management's responses thereto.

Independent Audit

To ensure that the external audit function has been effectively carried out and that any matters that the independent auditor considers appropriate to bring to the attention of the Audit Committee (to which the independent auditor shall report directly) have been addressed, the Committee shall :

Be directly responsible for the appointment, compensation, oversight, retention and replacement of the independent auditor, including the resolution of any disagreements between management and the independent auditor, and review all issues and steps to be taken to ensure an orderly transition to a new independent auditor when applicable.

Review the independent auditor's audit plan and engagement letter with management and the independent auditor, including audit scope and approach, and the review the report of the independent auditor.

Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

On an annual basis:

- a) review and discuss all material relationships between the auditor or its accountants and the Corporation that could affect the objectivity and independence of the independent auditor; and specifically confirm the auditor's independence;
- b) review non-audit services and related fees as well as planned non-audit services and related fees of the independent auditor. Any changes in such services and related fees must be reviewed and approved by the Committee;
- c) assess the performance of the independent auditor, considering independence, effectiveness, demonstrated external audit judgment and application and adherence to accounting policy and standards.
- d) Pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's auditors.

Internal Audit

To ensure that the internal audit function has been effectively carried out and that any matters that the external auditors consider appropriate to bring to the attention of the Board have been addressed, the Committee shall:

Be advised of and concur with the appointment, replacement, reassignment or dismissal of the chief internal auditor.

Review the proposed internal audit plans annually for the coming year and review jointly with the internal auditor and the independent auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

Receive notification of material adverse findings of internal audits and a progress report on the proposed internal audit plan, as appropriate, with explanations of changes from the original plan.

Review significant internal audit reports together with management's response and follow-up actions, including any problems or issues encountered in the course of an audit.

Review and assess the performance and assure the independence of the internal auditor.

Legal and Regulatory Compliance / Investigations

The Committee shall :

Review, with the Corporation's counsel, compliance with applicable laws, regulations and internal policies.

Discuss with the Corporation's counsel any legal matter that could have a material impact on the Corporation's financial statements or risk profile and make inquiries of management, internal and independent auditor to ensure that all material legal matters have been brought to the attention of the Committee.

Investigate any matter brought to its attention within the scope of its duties to the extent and in such manner as it considers appropriate and discuss with management and the independent auditor any correspondence, complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies. In particular, the Committee shall ensure that there are established procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee may obtain advice and assistance from outside legal, accounting or other advisors as it deems appropriate. It may retain these advisors without seeking Board approval. The Corporation shall provide appropriate funding, as determined by the Committee, for payment of the compensation of any advisors engaged by the Committee.

Officer's Expenses

The Committee shall :

Review policies and procedures with respect to the Chair of the Board and the President and Chief Executive Officer's expense accounts and perquisites, including their use of corporate assets and, periodically, review a summary of major expenses incurred by the Chair of the Board and the President and Chief Executive Officer.

Other duties

The Committee will perform such other functions as assigned by law or regulation or as required by the Board.