

2011
**Notice of Annual and Special Meeting
and Management Proxy Circular**

**For the Meeting
to be held on October 28, 2011
at 11:00 a.m. at:**

**Holiday Inn Express & Suites Montreal Airport
Merchants Villa Room
10,888 Côte-de-Liesse
Dorval, Québec**



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**MITEC TELECOM INC.
NOTICE OF ANNUAL AND SPECIAL MEETING
OF THE SHAREHOLDERS OF MITEC TELECOM INC.**

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the Shareholders (the "Meeting") of Mitec Telecom Inc. (the "Corporation") will be held at the Holiday Inn Express & Suites Montreal Airport, Merchants Villa Room, 10,888 Côte-de-Liesse, Dorval, Quebec, on October 28, 2011 at 11:00 a.m. (Montreal time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the fiscal year ended April 30, 2011 and the independent auditor's report thereon;
2. to elect directors to serve for the ensuing year;
3. to appoint auditors to hold office for the ensuing year and authorize the directors to determine their remuneration;
4. to consider, and if thought advisable, to pass, with or without variation, a special resolution to authorize the directors of the Corporation to, in their discretion at any time prior to April 30, 2012, amend the Articles of the Corporation to consolidate the Corporation's issued and outstanding common shares ("Common Shares"), on the basis of a ratio to be determined in the sole and absolute discretion of the directors of the Corporation, but not to exceed one (1) new common share for every ten (10) Common Shares and the complete text of such resolution is set out in Schedule C to the Management Proxy Circular for this Meeting (the "Circular") as the "Share Consolidation Resolution";
5. to consider, and if thought advisable, to pass, with or without variation, a special resolution to authorize the transfer of substantially all of the Corporation's assets to a newly-created, direct, wholly-owned subsidiary of the Corporation, the complete text of such resolution is set out in Schedule D to the Circular as the "Transfer of Assets Resolution";
6. to transact such other business as may properly be brought before the meeting.

Montreal, Québec, September 29, 2011

By order of the Board of Directors,

(s) Bruno Dumais
Bruno Dumais
Secretary

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting.

The 2011 Annual Report, which comprises the Management Discussion and Analysis of financial condition and results of operations, the consolidated financial statements of Mitec Telecom Inc. and the independent auditor's report to the shareholders for the fiscal year ended April 30, 2011, accompanies this notice of Meeting, if you asked to receive it, and is posted on the Corporation's website at www.mitectelecom.com and on the SEDAR website at www.sedar.com.

Holders of Common Shares on September 28, 2011 at 5:00 p.m. (Eastern Time) will be entitled to receive this notice of the Meeting of Shareholders and to vote at the Meeting either in person or by proxy. The attached Circular explains how shareholders may exercise their right to vote.

**MITEC TELECOM INC.
MANAGEMENT PROXY CIRCULAR**

SOLICITATION AND REVOCATION OF PROXIES

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Mitec Telecom Inc. ("Mitec" or the "Corporation") to be used at the Annual Meeting of Shareholders of the Corporation or any adjournment thereof (the "Meeting") to be held at the time and place for the purposes set forth in the foregoing notice of Meeting. The solicitation will be by mail and the cost of solicitation will be borne by the Corporation.

All information contained herein is as at September 28, 2011, unless otherwise indicated.

The persons named in the accompanying form of proxy are directors or officers of the Corporation. However, each holder ("Shareholder") of common shares of the Corporation ("Common Shares") has the right to appoint a person (who need not be a Shareholder) other than the persons specified above to represent the Shareholder at the Meeting in the manner and to the extent permitted pursuant to the terms of the enclosed form of proxy. Such right may be exercised by inserting the name of such person in the blank space provided in such form of proxy. It is important to ensure that any other person appointed attends the Meeting and is aware that he or she has been appointed to vote the shares. Proxy holders should, upon arrival at the Meeting, present themselves to a representative of Canadian Stock Transfer Company, Inc.

Pursuant to Section 148 (4) of the *Canada Business Corporations Act* ("CBCA"), a Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by his attorney authorized in writing and depositing it either (i) at the registered office of the Corporation to the attention of the Secretary no later than the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof. A Shareholder may also revoke a proxy by delivering another form of proxy duly signed and bearing a later date, by depositing it in the above manner or in any other manner permitted by law.

VOTING OF PROXIES

The persons named in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them or, in the absence of such direction, as indicated in the form of proxy. In the absence of such direction, said voting rights will be exercised in favour of the election of the directors whose names appear therein under the heading "ELECTION OF DIRECTORS", in favour of the appointment of the firm of BDO Canada LLP as auditors, in favour of the Share Consolidation Resolution as set out in Schedule C to the Circular and in favour of the Transfer of Assets Resolution as set out in Schedule D to the Circular.

There are four ways that registered Shareholder can vote their Common Shares. A Shareholder is a registered Shareholder if their name appears on their share certificate. A registered Shareholder may (i) vote in person at the Meeting, (ii) complete and sign the enclosed form of proxy and appoint one of the named persons or another person the Shareholder chooses to represent them and to vote their shares at the Meeting and mail it, (iii) vote electronically on the Internet, or (iv) vote by telephone. The Shareholder should make sure that the person they appoint is aware that he or she is appointed and attends the Meeting. Completing, signing and returning the form of proxy does not preclude the Shareholder from attending the Meeting in person. If the Shareholder does not wish to attend the Meeting or does not wish to vote in person, the Shareholder's proxy will be voted or be withheld from voting, in accordance with their instructions specified on their proxy, on any ballot that may be called at the Meeting. If the Shareholder is a corporation or other legal entity, the form of proxy must be signed by an officer or attorney authorized by such corporation or other legal entity.

To vote by telephone, a registered Shareholder should call 1-866-240-5266. To vote electronically, a registered Shareholder must go to the following Internet site: www.proxypush.ca/mtm and enter their personalized 12-digit e-voting control number printed on their form of proxy and follow the instructions on the screen.

If a registered Shareholder wishes to attend the Meeting and wishes to vote their shares in person at the Meeting, it is not necessary for the registered Shareholder to complete or return the form of proxy. A registered Shareholder vote will be taken and counted at the Meeting. A registered Shareholder should register with the transfer agent, CIBC Mellon Trust Company, upon arrival at the Meeting.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting and to other matters which may properly come

before the Meeting. At the time of printing this Circular, the management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the notice of Meeting.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section should be reviewed carefully by the non-registered shareholders of the Corporation. Shareholders who do not hold their Common Shares in their own name (the "Beneficial Shareholders") should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If the Common Shares are not registered in the Shareholders own name, they are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution. Applicable securities laws and regulations require nominees of Beneficial Shareholders to seek the latter's voting instructions in advance of the Meeting. Therefore, unless a Beneficial Shareholder has previously informed its nominee that it does not wish to receive material relating to Shareholders' meetings, it will have received this Circular in a mailing from its nominee, together with a form of proxy or voting instruction form. Each nominee has its own signature and return instructions. It is important that the Beneficial Shareholder comply with these instructions if it wants the voting rights attached to its shares to be exercised. If the Beneficial Shareholder which has submitted a proxy wishes to change its voting instructions, the Beneficial Shareholder should contact its nominee to find out whether this is possible and what procedure to follow.

Since neither the Corporation nor its registrar and transfer agent have a record of the names of the Beneficial Shareholders of the Corporation, if a Beneficial Shareholder attends the Meeting, neither the Corporation nor the registrar and transfer agent will have knowledge of the Beneficial Shareholders shareholdings or its entitlement to vote, unless the nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, if you are a Beneficial Shareholder and wish to vote in person at the Meeting, you must insert your name in the space provided on the form of proxy or voting instruction form sent to you by your nominee. By doing so you are instructing the nominee to appoint you as proxyholder. It is important that the signature and return instructions provided by the nominee are complied with. It is not necessary to otherwise complete the form as you will be voting at the Meeting.

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as specifically discussed herein, no director or senior officer, past, present or nominated, or any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any manner to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Corporation.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Shareholders who are included in the list of shareholders of the Corporation registered at the close of business on September 28, 2011 shall have the right to vote at the Meeting or at any adjournment thereof. Each Common Share is entitled to one vote with respect to the matters pertaining to the Meeting. If two or more persons holding Common Shares jointly are present, in person or by proxy, at the Meeting, they shall vote as one on the Common Shares jointly held by them.

The Corporation is authorized to issue an unlimited number of Common Shares. As at September 28, 2011, 282,666,756 Common Shares were issued and outstanding. As at September 28, 2011, to the knowledge of the senior executives of the Corporation, no person beneficially owns or exercises control over Common Shares carrying more than 10% of the voting rights attached to securities of the Corporation.

FINANCIAL STATEMENTS

The consolidated financial statements for the year ended April 30, 2011 are included in the 2011 Annual Report mailed to the shareholders and are also available on SEDAR at www.sedar.com or, upon request, from the Secretary of the Corporation.

ELECTION OF DIRECTORS

The following are the nominees proposed by management of the Corporation for election as directors of the Corporation. Directors will hold office until the next annual meeting of Shareholders of the Corporation or until their successors are elected or appointed.

Five (5) directors are to be elected, by a majority of the votes passed at the Meeting. In the absence of a specification to the contrary in the form of a proxy, the persons named as proxies in the enclosed form of proxy intend to vote for the election of the nominees listed below.

Management does not anticipate that any one of the proposed nominees will be unable to serve as a director. If such becomes the case for any reason whatsoever prior to the Meeting, the persons named as proxies in the enclosed form of proxy reserve the right to vote in favour of any other nominee that management may recommend.

The following table sets out information regarding the nominees for election as directors as at September 28, 2011 and indicates the attendance record of each director for the board meetings held from May 1, 2010 to the date of this circular:

NAME AND MUNICIPALITY OF RESIDENCE	PRINCIPAL OCCUPATION	DIRECTOR SINCE	ATTENDANCE	COMMON SHARES BENEFICIALLY OWNED OR CONTROLLED ⁽⁴⁾
Noah Billick ⁽²⁾ Montreal, Québec	Vice President, Legal Affairs, Palos Management Inc.	2010	28 / 32	---
Robert Boisjoli, FCA ⁽¹⁾ Montreal, Québec	President, Atwater Financial Group	2007	43 / 49	---
Jeffrey A. Mandel ⁽³⁾ Toronto, Ontario	President and CEO, Mitec Telecom Inc. and President, AMR Securities Services Inc.	2006	49 / 49	3,600,000
Hubert R. Marleau ^{(1), (2)} Montreal, Québec	Portfolio Manager, Co-Founder and Corporate Director, Palos Management Inc.	1996	36 / 49	---
David B. Parkes ^{(1), (2), (3)} Toronto, Ontario	President, David B. Parkes & Associates	2007	38 / 49	416,666

⁽¹⁾ Member of the Audit Committee.

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

⁽³⁾ Member of the Mergers and Acquisitions Committee (until October 2010).

⁽⁴⁾ Includes common shares beneficially owned, directly or indirectly, or controlled or directed by the person. This information has been furnished by the respective directors individually.

During the past five years, all of the nominees whose names appear above have held the positions shown or held management responsibilities in the same or related companies, with the exception of: (i) Mr. Noah Billick, who prior to joining Palos Management Inc. in May 2010, was (a) from June 2007 to April 2010 a lawyer in Fasken Martineau's Litigation and Dispute Resolution Department, (b) from May 2006 to June 2007, was a self employed, real estate agent in Saint Kitts and (c) prior thereto, was completing his law and MBA degrees at McGill University in Montreal, Quebec, (ii) Mr. Robert Boisjoli, who prior to joining Atwater Financial Group, was Chief Financial Officer at Xanthus Pharmaceuticals Inc., and (iii) Mr. Jeffrey A. Mandel who was appointed President and Chief Executive Officer of the Corporation in May 2011. Mr. Mandel joined the Mitec Board in 2006 and served as its Executive Chairman from August 2009 until May 2011 and as Chairman since that date. Mr. Mandel is also President of AMR Securities Services Inc. following a number of senior positions at various firms in the securities industry.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

The Corporation announced on September 15, 2010 that it was not in a position to file its first quarter, fiscal 2011 interim consolidated financial statements for the period ending July 31, 2010. As a result, the Corporation applied for an order from the relevant Canadian securities regulatory authorities for a management cease trade order ("MCTO") as provided for in National Policy 12-203 - Cease Trade Orders for Continuous Disclosure Defaults which prohibits trading in securities of the Corporation by certain insiders of the Corporation. On September 20, 2010, a temporary MCTO effective until October 1, 2010 was issued by the *Autorité des marchés financiers* ("AMF"), being the principal regulator, prohibiting the following directors and/or officers to trade in securities of the Corporation: Robert Boisjoli, Bruno Dumais, Jeffrey A. Mandel, Hubert R. Marleau, David B. Parkes, Daniel Piergentili and Charles R. Spector. On September 23, 2010, the Ontario Securities Commission ("OSC") issued a corresponding temporary MCTO effective for a period of fifteen (15) days with respect to the two Ontario residents, Jeffrey A. Mandel and David B. Parkes. On September 29, 2010, the Corporation filed its fiscal 2011 first quarter financial statements and the temporary MCTO's were lifted.

With the exception of the facts disclosed below with respect to Mr. Boisjoli and Mr. Marleau, to the knowledge of the Corporation and based on information provided by the nominees, none of management's nominees for election as a director of the Corporation is, or has during the past ten years: (a) been a director or officer of any company that while that person was acting in that capacity, was subject to (i) a cease trade or similar order or an order that denied that other issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of the company; or (ii) a cease trade or similar order or an order that denied that other issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days was issued after the proposed director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer of the company; (b) been a director or executive officer of any company that, while that person was acting in that capacity 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 or receiver manager or trustee appointed to hold its assets; (c) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Mr. Boisjoli was a Director of Mistral Pharma Inc. which made a proposal to its creditors in June 2008 that was accepted by them and ratified by the Superior Court of Québec in September 2008.

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. Marleau, no proposed nominee has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) 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.

Mr. Marleau was a director of Malette International Inc. ("Malette") a reporting issuer listed on the Toronto Stock Exchange Venture Exchange when, on February 26, 2007, Malette Industries Inc., a wholly-owned subsidiary of Malette, filed a notice of intention to make a proposal to its creditors under the Bankruptcy and Insolvency Act. On February 27, 2007, a creditor of Malette Hardwood Flooring Inc., another subsidiary of Malette, obtained a receivership order from the Superior Court of Québec. On February 2, 2007, the AMF issued a cease trade order against Malette for its failure to file financial statements for the year ended September 30, 2006. Effective March 1, 2007, Mr. Marleau resigned from the board of directors of Malette.

In August 2003, Mr. Marleau sought registration as a Financial Advisor with the Commission des valeurs mobilières du Québec ("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.

Mr. Marleau was required by the TSX Venture Exchange, on September 3, 2003, to complete a workshop prior to acting as an officer of Stanstead Capital Inc. He was fined by the AMF, on June 29, 2006, with an administrative penalty-for late filings of insider reports in relation to acting as a director of Plexmar Resources Inc. Mr Marleau was required by the TSX Venture Exchange, in May 2007, to submit an undertaking to the TSX Venture Exchange concerning the submission in a true and correct manner of all future Personal Information Forms in relation to acting as director of Artevo Corporation. He was fined by the AMF, on October 12, 2007, with an administrative penalty for late filings of insider reports in relation to acting as a director of Mitec Telecom Inc. Mr. Marleau was fined by the AMF, on September 21, 2009, with an administrative penalty for late filings of insider reports in relation to acting as a director of Warnex Inc. and Niocan Inc. Mr. Marleau was reprimanded by the TSX Venture Exchange, on May 12, 2011, for the breach of his 2007 undertaking to the TSX Venture Exchange; required to attend a workshop; required to pay a fee of \$3,000; required to provide a written acknowledgement that he had read the TSX Venture Exchange correspondence and that the 2007 undertaking remains in effect.

APPROVAL OF AMENDMENT TO ARTICLES OF THE CORPORATION TO EFFECT CONSOLIDATION OF COMMON SHARES

Sub-section 173(1)(h) of the CBCA requires that a consolidation of shares must be approved by a special resolution of holders of such class of shares at a meeting called for the purpose of considering the consolidation. The board of Directors of the Corporation (the "Board of Directors" or the "Board") is seeking the approval of the Shareholders to authorize the Corporation to amend the Articles of the Corporation, if and when the Board deems appropriate but no later than April 30, 2012, to consolidate the Common Shares on the basis of a ratio to be determined in the sole and absolute discretion of the directors of the Corporation, but not to exceed one (1) Common Share for each ten (10)

Common Shares that are issued and outstanding (the “Share Consolidation”). Sub-section 173(2) of the CBCA gives the Board of Directors the option to seek authority from the Shareholders to defer acting on such special resolution or revoke such special resolution before it is acted upon without further approval of the Shareholders. The Board is seeking such authority from the Shareholders. In exercising its authority, the Board will consider the advisability of proceeding to complete the Share Consolidation. In prior years, although a share consolidation resolution was passed, the Board did not implement the share consolidation as it was not deemed appropriate at the time.

If the Share Consolidation would result in a registered Shareholder holding a fraction of a share, no fraction or fractional share or certificate will be issued. In the event that the Share Consolidation would result in a registered Shareholder of the Corporation holding a fraction of a Common Share, such fractional Common Share, shall be rounded down to the nearest whole number of Common Share and any fractional Common Share post Share Consolidation interest will be cancelled without consideration. In all other respects, the post-consolidated Common Shares will have the same attributes as the existing Common Shares. A share consolidation does not change a Shareholder's proportionate interest in the Corporation, even though such ownership will be represented by a smaller number of Common Shares.

The principal effect of the Share Consolidation will be that the number of Common Shares issued and outstanding will be reduced from 282,666,756 Common Shares as of September 28, 2011 to between approximately 141,333,378 and 28,266,675 Common Shares, depending on the ratio selected by the Board of Directors. The following table sets out the approximate percentage reduction in the number of outstanding Common Shares and the approximate number of Common Shares that would be outstanding as a result of a consolidation at the ratios indicated:

Proposed Consolidation Ratio	Approximate Percentage Reduction in Number of Outstanding Common Shares	Approximate Number of Outstanding Common Shares (Post-Consolidation)
1 for 2	50.0%	141,333,378
1 for 5	80.0%	56,533,351
1 for 10	90.0%	28,266,675

In general, the Share Consolidation will not be considered to result in a disposition of Common Shares by Shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a Shareholder for such purposes of all Common Shares held by the Shareholder will not change as a result of the Share Consolidation; however, the Shareholder's adjusted cost base per Common Share will increase proportionately.

There can be no assurance however that the total market capitalization of the Corporation (the aggregate value of all Common Shares at the market price then in effect) immediately after the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Share Consolidation will equal or exceed the direct arithmetical result of the Share Consolidation. In addition, a decline in the market price of the Common Shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a Share Consolidation and the liquidity of the Common Shares could be adversely affected.

In addition to the issued and outstanding Common Shares, the Common Shares currently reserved for issuance by the Corporation will be adjusted to give effect to the Share Consolidation, such that the number of consolidated Common Shares issuable will equal the number obtained when the number of Common Shares issuable is divided by the conversion number and the exercise prices of outstanding stock options to purchase consolidation Common Shares will equal the price obtained by multiplying the existing exercise price by the conversion number. To pass, the Share Consolidation resolution (“Share Consolidation Resolution”) must be approved by an affirmative vote of not less than 66 2/3% of the votes cast by the Shareholders, present in person or represented by proxy and entitled to vote at the Meeting. Unless specified in the enclosed form of proxy that Common Shares represented by the form of proxy should be voted against the Share Consolidation Resolution, the management representatives designated in the form of proxy intend to vote “FOR” the Share Consolidation Resolution.

Notwithstanding the foregoing, the Share Consolidation Resolution authorizes the Board, without further notice to or approval of the Shareholders, to decide not to proceed with the Share Consolidation Resolution and to revoke such Share Consolidation Resolution at any time prior to its becoming effective. Schedule C to this Circular contains the full text of the Share Consolidation Resolution.

If the proposed resolution is passed at the Meeting and the Board determines to proceed with the Share Consolidation, the Corporation will announce that it is proceeding with the consolidation. Registered Shareholders should then, at that time, complete, sign and return the Letter of Transmittal that will be sent to such registered holders, along with the share certificate(s) representing their pre-consolidation Common Shares, to Computershare Investor Services Inc. at one of the addresses in the Letter of Transmittal. Upon receipt of a properly-completed and signed Letter of Transmittal and the share certificate(s) referred to in the Letter of Transmittal, the Corporation will

arrange to have a new share certificate representing the appropriate number of post-consolidation Common Shares delivered in accordance with the instructions provided by the holder in the Letter of Transmittal. No delivery of a new certificate to a Shareholder will be made until the Shareholder has surrendered his current issued certificates. Until surrendered, each share certificate formerly representing old Common Shares shall be deemed for all purposes to represent the number of new Common Shares to which the holder is entitled as a result of the Share Consolidation.

If your Common Shares are registered in the name of a nominee (e.g. a trust company, securities broker, or other financial institution), you will not receive a Letter of Transmittal and you should contact your nominee to determine if you need to do anything to effect the consolidation of your Common Shares.

APPROVAL OF TRANSFERRING SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION

General

The Corporation currently does business primarily as an operating entity holding the majority of its operating assets directly and conducting operations primarily in the Corporation. Industry and market factors have caused the Corporation to re-examine its current corporate structure.

The Board of Directors has determined that it would be in the best interests of the Corporation to transfer substantially all of the Corporation's operating assets and liabilities to a newly-created, direct, wholly-owned subsidiary (the "New Sub"), pursuant to an asset transfer agreement (the "Asset Transfer Agreement"). Toward this end, the Board of Directors has unanimously approved, subject to Shareholder approval, the transfer of substantially all of the Corporation's operating assets and liabilities to the New Sub (the "Transfer").

The Transfer will not have a material effect on the consolidated financial statements of the Corporation. Notwithstanding the new structure, the Corporation will continue to report its financial operations and condition on a consolidated basis. The net income of the New Sub will be reflected as income on the Corporation's consolidated financial statements and may (to the extent permitted by law) be available for the payment of dividends to Shareholders, to the extent the Corporation has received dividends or other distributions from the New Sub and the Corporation determines to pay dividends or make distributions to its Shareholders.

Shareholder approval is necessary under the CBCA to implement the Transfer because the Corporation believes the Transfer, if fully implemented, would involve the transfer of substantially all of the Corporation's assets. The submission of the Transfer for Shareholder approval will not affect the Corporation's rights, under applicable law, to dispose of less than substantially all of its assets (including by transfer to one or more subsidiaries) without Shareholder approval. Therefore, even if the Transfer is not approved by the Shareholders, the Corporation may from time to time in the future transfer portions of its assets to subsidiaries or other affiliated entities or to third parties on terms and for consideration approved by the Board of Directors, subject to applicable law, without seeking Shareholder approval.

If the Transfer is fully implemented, the principal operations of the Corporation would be conducted by the New Sub and other existing subsidiaries. The Corporation believes that the new structure would permit greater flexibility in the management and financing of existing and future business operations.

The Corporation currently plans to transfer substantially all of its operating assets and liabilities to a newly-created, direct, wholly-owned subsidiary. The Corporation currently intends to implement this transfer as soon as practicable following Shareholder approval of the Transfer.

The Transfer will not alter Shareholders percentage ownership interests in the Corporation, and the Common Shares will not be affected by the proposed Transfer. The Shareholders of the Corporation will continue as such, with the same voting, dividend and liquidation rights, and ownership interests as before. As a result of the Transfer, the Shareholders will not directly elect the directors of the New Sub. Directors of the New Sub will be elected at the direction of the Board of Directors.

Notwithstanding that fact, the overall management of the affairs and operations of the New Sub will be under the direction of the Board of Directors and is not expected to change significantly as a result of the Transfer.

Except for the changes described herein, consummation of the Transfer is not expected to result in any material change in the overall operations of the Corporation. Similarly, the Transfer will not result in any changes in the current membership of the Board of Directors, and the executive officers of the Corporation are expected to remain the same after consummation of the proposed Transfer. Persons who are currently serving as officers or directors of the Corporation may become officers and/or directors of the New Sub.

It is also possible that the sale by New Sub of substantially all of its assets (including through the sale of its shares) following the Transfer would not require the approval of the Shareholders under applicable law even though the sale

of substantially all of the assets by the Corporation under the current structure would require Shareholder approval. The Corporation is evaluating strategic alternatives, predicated upon the Transfer, to increase Shareholder value, including strategic financing opportunities for the New Sub and asset or share divestitures. Towards this end, the Board is seeking Shareholder approval for a subsequent transaction involving the New Sub, whereby the Corporation's holdings in the New Sub would either be disposed of, in whole or in part, or significantly diluted (the "Subsequent Transaction"). The Board will insure that it adheres to its fiduciary duties to the Corporation in approving any Subsequent Acquisition.

The Transfer will have no tax consequences on the Shareholders.

Pursuant to Section 189 (3) of the CBCA, a sale, lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of business of the Corporation must be approved by not less than 66 2/3% of the votes cast by the Shareholders, present in person or represented by proxy and entitled to vote at the Meeting (the "Transfer Resolution"). Unless specified in the enclosed form of proxy that Common Shares represented by the form of proxy should be voted against the Transfer Resolution, the management representatives designated in the form of proxy intend to vote "FOR" the Transfer Resolution.

Notwithstanding the foregoing, the Transfer Resolution authorizes the Board, without further notice to or approval of the Shareholders, to decide not to proceed with the Transfer Resolution and to revoke such Transfer Resolution at any time prior to its becoming effective. Schedule D to this Circular contains the full text of the Transfer Resolution.

The Board of Directors has approved and unanimously recommends that the shareholders vote "FOR" approval of the Transfer.

Asset Transfer Agreement

Pursuant to the Asset Transfer Agreement the Corporation agrees to transfer, and the New Sub agrees to acquire, substantially all of the assets (the "Assets") of the Corporation. The purchase price for the Assets shall be their fair market value, which shall be payable by the New Sub to the Corporation by the issuance of common shares from its share capital and/or a promissory note.

The Corporation will assume the current liabilities of the Assets as at the closing date of the Transfer (the "Closing Date"). The New Sub shall assume any and all liabilities relating to the Assets arising from and after the Closing Date and will indemnify and hold harmless the Corporation from any and all claims related to such liabilities.

The Corporation shall use all reasonable efforts to obtain from the other parties thereto, where necessary, consents or waivers to the assignment and assumption by the New Sub of all the contracts and consents as they relate to the Assets.

The Corporation shall use commercially reasonable efforts to obtain the consent, or waiver, of the creditors having the benefit of a security over the Assets (the "Secured Parties"), to the Transfer. If the Corporation does not obtain within 90 days from the Closing Date the consent or waiver of the Secured Parties, then the Transfer will be deemed to be rescinded and, in such an event, all title and ownership over the Assets will revert back to the Corporation without any further agreement, act or deed of sale required, as though the Transfer had never taken place.

The Corporation shall use commercially reasonable efforts to obtain or to assist the New Sub to obtain from all appropriate governmental authorities, the required approvals to complete the Transfer.

The Asset Transfer Agreement may be terminated by the mutual written agreement of the Corporation and the New Sub. In the event of such termination by agreement, the New Sub will have no further obligation or liability to the Corporation under the Asset Transfer Agreement, and the Corporation will have no further obligation or liability to the New Sub under the Asset Transfer Agreement.

Rights of Dissenting Shareholders

The Corporation has determined that the Transfer constitutes a sale of substantially all of the Corporation's assets as contemplated under Section 189(3) of the CBCA. For this reason, dissent rights are being provided to Shareholders in respect of the Transfer pursuant to Section 190 of the CBCA. As a result, any registered Shareholder may make a claim under that section only with respect to all the Common Shares held by such Shareholder on behalf of any one beneficial owner and registered in the Shareholder's name, if the Shareholder complies with the requirements of section 190 of the CBCA and validly dissents with respect to the Transfer and the Transfer becomes effective. Beneficial Shareholders who wish to dissent should be aware that only registered Shareholders are entitled to dissent. A Beneficial Shareholder who wishes to exercise the right to dissent should immediately contact the nominee with which the Beneficial Shareholder deals in respect of the Common Shares and either: (i) instruct the nominee to exercise the right to dissent on the Beneficial Shareholder's behalf (which, if the Common Shares are registered in

the name of the clearing agency, would require that the Common Shares first be re-registered in the name of the nominee); or (ii) instruct the nominee to re-register the Common Shares in the name of the Beneficial Shareholder, in which case the Beneficial Shareholder would have to exercise the right to dissent directly.

The following summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Shareholder under the CBCA ("Dissenting Shareholder"). Section 190 of the CBCA is set forth in its entirety in Schedule E. The CBCA requires strict compliance with the procedures established therein and failure to strictly comply with such procedures may result in the loss of a Shareholder's right of dissent. Accordingly, each Shareholder who wishes to exercise rights of dissent should carefully consider and comply with the provisions of section 190 of the CBCA and consult its legal advisors.

Pursuant to subsection 190(5) of the CBCA, a Dissenting Shareholder who seeks payment of the fair value of its Common Shares is required to deliver a written objection to the Transfer Resolution to the Corporation at or before the Meeting. The Corporation's address for such purpose is 3299 Jean-Baptiste-Deschamps, Lachine, Québec, H8T 3E4. A Shareholder is not entitled to dissent with respect to the Common Shares it beneficially owns if it votes any of such Common Shares for the approval of the Transfer Resolution. The execution or exercise of a proxy or otherwise voting against the Transfer Resolution does not constitute a written objection for purposes of the right to dissent under the CBCA.

Within 10 days after the Transfer Resolution is approved by the Shareholders, the Corporation must so notify the Dissenting Shareholder who is then required, within 20 days after receipt of such notice (or if such Shareholder does not receive such notice, within 20 days after learning of the approval of the Transfer Resolution), to send to the Corporation a written notice containing its name and address, the number of Common Shares in respect of which the Shareholder dissents and a demand for payment of the fair value of such shares and, not later than the 30th day after sending such written notice, to send to the Corporation or its transfer agent the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to the Corporation, within the appropriate time frame, the certificates representing the Common Shares in respect of which the Shareholder dissents forfeits the right to make a claim under section 190 of the CBCA. The Corporation or its transfer agent will endorse on the share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will return forthwith the certificates to the Dissenting Shareholder.

On sending a demand for payment to the Corporation, a Dissenting Shareholder ceases to have any rights as a Shareholder, other than the right to be paid the fair value of such holder's Common Shares as determined under section 190 of the CBCA, except where: (a) the Dissenting Shareholder withdraws the demand for payment before the Corporation makes an offer to the Shareholder pursuant to subsection 190(12) of the CBCA, (b) the Corporation fails to make an offer pursuant to subsection 190(12) of the CBCA and the Dissenting Shareholder withdraws the demand for payment, or (c) the transaction contemplated in the Transfer Resolution does not proceed, in which case the Dissenting Shareholder's rights as a Shareholder will be reinstated as of the date the Dissenting Shareholder sent the demand for payment. If the Transfer becomes effective, the Corporation will be required to send, not later than the seventh day after the later of (i) the date that the Transfer becomes effective (the "Effective Date"), or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's Common Shares such amount as the Board of Directors considers to be the fair value thereof accompanied by a statement showing how the fair value was determined.

The Corporation must pay for the Common Shares of a Dissenting Shareholder within ten days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if the Corporation does not receive an acceptance thereof within 30-days after such offer has been made.

If such offer is not made or accepted, the Corporation may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court of competent jurisdiction to fix the fair value of such Common Shares. If the Company fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to a court, all Dissenting Shareholders whose Common Shares have not been purchased by the Corporation will be joined as parties and be bound by the decision of the court, and the Corporation will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will fix a fair value for the Common Shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of a court will be rendered against the Corporation in favour of each Dissenting Shareholder. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

Shareholders who are considering exercising dissent rights should be aware that there can be no assurance as to the fair value of their Common Shares as determined under the applicable provisions of the CBCA.

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder under the CBCA. Section 190 of the CBCA requires strict adherence to the procedures established therein and failure to do so may result in a loss of a Dissenting Shareholder's dissent rights. Accordingly, a Shareholder who desires to exercise dissent rights should carefully consider and strictly comply with the provisions of that section, the full text of which is set out in Schedule E to this Circular, or should consult with such Shareholder's legal advisor.

COMMENTS ON CORPORATE GOVERNANCE

General

The Board of Directors is comprised of five directors until the annual meeting: Noah Billick, Robert Boisjoli, FCA, the Chairman, President and Chief Executive Officer Jeffrey A. Mandel, Hubert R. Marleau and David B. Parkes. The Board of Directors and executive officers of the Corporation believe that good corporate governance practices are key to the overall success of a company.

The Board, acting through the Compensation and Corporate Governance Committee, monitors the changes made to corporate governance practices and regulatory requirements. Pursuant to National Policy 58-201, *Corporate Governance Guidelines*, National Instrument 58-101, *Disclosure of Corporate Governance Practices* and National Instrument 52-110 - *Audit Committees* issued by the Canadian Securities Administrators, the Corporation is required to disclose certain information regarding its corporate governance practices. The comments of the Board of Directors regarding compliance with such policies can be found in Schedule A to this Management Proxy Circular.

The Chairman, President and Chief Executive Officer is responsible for effectively managing the affairs of the Board in accordance with corporate governance principles. A more detailed description of the role and responsibilities of the Chairman, President and Chief Executive Officer is attached hereto as Schedule F.

Board Mandate

The Board of Directors adopted a Board of Directors' Mandate in order to identify the specific responsibilities of the Board of Directors and thereby to enhance coordination and communication between the Board and management. A copy of the mandate of the Board is attached hereto as Schedule B.

Ethical business conduct

The responsibilities of the Board of Directors are to be carried out consistently with the principles stated in the Corporation's Code of Business and Workplace Ethics that applies to all of the Corporation's directors, officers and employees. A copy of the Code of Business and Workplace Ethics is available upon request to the Secretary of the Corporation.

Yearly, each director delivers to the Secretary a list of the companies for which he/she acts as director or in which he/she has a material ownership interest. In the event a director has a material interest in a transaction, he/she discloses this interest to the Board and is excused from the meeting until the Chair invites him/her to return to the meeting. In any event, the director involved abstains from the discussions and the vote.

COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Compensation and Corporate Governance Committee (the "Committee") is established by the Board of Directors to assist the Board in fulfilling its responsibilities in overseeing the implementation of corporate governance rules, procedures and policies as well as compliance therewith, in particular by establishing and reviewing the functions of the Board and its Committees, and those of the Chair of the Board. It also periodically reviews the selection and succession criteria and procedures for directors. Furthermore, it ensures that a process is set up to assess the performance and effectiveness of the Board, the committees and their members. The Committee also ensures that full and complete disclosure of the Corporation's systems of corporate governance is made, where appropriate, in the Corporation's disclosure documents.

The Committee also assists the Board in fulfilling its responsibilities relating to matters of human resources and compensation including equity-based compensation, and to establish a succession plan and development of senior management. The Committee has the responsibility for evaluating and making recommendations to the Board regarding the compensation of the Corporation's executives and the equity-based and incentive compensation plans, policies and programs of the Corporation. In addition, the Committee produces an annual report on executive compensation for inclusion where appropriate in the Corporation's disclosure documents.

For the year ended April 30, 2011, the Compensation and Corporate Governance Committee was composed of: David B. Parkes, Robert Boisjoli, and Hubert R. Marleau.

NOMINATION OF DIRECTORS

The Committee is responsible for identifying and recommending to the Board nominees for election or re-election to the Board or for appointment to fill any vacancy that is anticipated or has arisen on the Board. When recommending candidates to the Board, the Committee takes into consideration such factors as i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; ii) the competencies and skills that the Board considers each existing director to possess; iii) the competencies and skills each new nominee will bring to the Board; and iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member. In addition, judgment, independence, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and any Committee of the Board will also be considered. The Committee also considers legal, regulatory and listing requirements applicable to the Corporation in respect of the composition of the Board and its Committees.

COMPENSATION OF DIRECTORS

The Corporation's director compensation program is designed to (i) attract and retain the most qualified people to serve on the Corporation's Board of Directors and its committees, and (ii) provide appropriate compensation for the risks and responsibilities related to being an effective director.

Directors Compensation Table

The following table reflects in detail the total compensation earned by the Corporation's Directors during the financial year ended April 30, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Noah Billick	8,500	—	—	—	—	—	8,500
Robert Boisjoli	25,000	—	—	—	—	—	25,000
Jeffrey A. Mandel	199,000	—	—	—	—	—	199,000
Hubert R. Marleau	22,000	—	—	—	—	—	22,000
David B. Parkes	38,000	—	—	—	—	—	38,000
Daniel Piergentili ⁽¹⁾	—	—	—	—	—	—	—
Charles R. Spector	8,500	—	—	—	—	—	8,500

⁽¹⁾ Daniel Piergentili, who was the President and Chief Executive Officer of the Corporation until May 2011, did not receive any compensation as a Director of Mitec. However, Mr. Piergentili did receive compensation as President and Chief Executive Officer of the Corporation, as disclosed in the Executive Compensation Section.

Outside Directors are reimbursed for travel and other out-of-pocket expenses incurred when attending Board or Committee meetings in person.

Annual Retainer and Attendance Fees

During the fiscal year ended April 30, 2011, directors, other than officers of the Corporation, were paid monthly retainers as described below:

	Chairman	Members
Board of Directors	\$16,583	\$1,500
Audit Committee	\$500	\$250
Compensation and Corporate Governance Committee	\$167	\$83
Mergers and Acquisitions Committee (until October 2010)	\$3,000	N/A

The total cash remuneration paid to Directors during the fiscal year ended April 30, 2011 was \$301,000.

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table shows all awards outstanding to each director for the financial year ending April 30, 2011:

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert Boisjoli	150,000	0.16	25-Oct-17	—	—	—
	350,000	0.17	14-Mar-18	—	—	—
Jeffrey A. Mandel	550,000	0.11	03-Oct-16	—	—	—
	450,000	0.16	25-Oct-17	—	—	—
	1,000,000	0.17	14-Mar-18	—	—	—
	225,000	0.07	02-Dec-18	—	—	—
	500,000	0.07	29-Jul-19	—	—	—
	20,000	3.43	22-Nov-11	—	—	—
Hubert R. Marleau	15,000	0.80	09-Aug-12	—	—	—
	40,000	1.85	19-May-14	—	—	—
	40,000	0.32	16-Dec-15	—	—	—
	300,000	0.11	04-Oct-16	—	—	—
	50,000	0.16	25-Oct-17	—	—	—
	110,000	0.17	14-Mar-18	—	—	—
	340,000	0.17	21-Mar-18	—	—	—
	150,000	0.16	25-Oct-17	—	—	—
David B. Parkes	150,000	0.16	25-Oct-17	—	—	—
	350,000	0.17	14-Mar-18	—	—	—

The Share-Based and Option-Based Awards outstanding for Daniel Piergentili is presented in Section “Summary Compensation Table” of this Circular.

There was no value, be it vested or earned, from grants issued during the financial year ending April 30, 2011 by each director through all incentive plan awards.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation policy has been designed to incorporate a pay for performance philosophy and to encourage and reward executive officers on the basis of individual and corporate performance.

Compensation for executive officers of the Corporation is comprised of base salary, short-term incentive (comprised of cash bonus awards) and long-term incentive (comprised of stock option grants). Cash compensation (salary and bonus) is the primary form of executive compensation, and receives the most emphasis in terms of executive compensation. The weight allocated to long-term incentives (stock option incentives) is based on a consideration of each executive's anticipated ability to influence the long-term growth and performance of the business, with the objective to strengthen the relationship between compensation and enhancement of shareholder value. The Chief Executive Officer is considered to have the highest influence on the long-term performance of the business. Accordingly, in addition to short-term cash compensation (salary and bonus), he receives the largest allocation of stock options. Other executive officers receive allocation of long-term incentives based on their anticipated level of influence in directing the future of the organization.

The following discussion on the compensation, as it relates to the Chief Executive Officer, refers specifically to that received by Mr. Piergentili in his capacity as Chief Executive Officer of the Corporation until May 2011. As previously noted, Mr. Mandel assumed the responsibilities of Chief Executive Officer and President of the Corporation upon Mr. Piergentili's termination of employment. As Mr. Mandel currently has no employment agreement with the Corporation, the Committee is reviewing how the following compensation principals will be applied to Mr. Mandel's employment.

Independent Advice

The Committee has the power to retain outside compensation consultants, counsel and other experts and advisors as it determines appropriate to assist in the performance of its functions. The Committee may consider independent advice; however final decisions related to compensation are made solely by this Committee based on the input from other Board members, the knowledge and experience of such Committee's members, judgment and assessment of individual performance and the overall results of the Corporation. The Committee did not engage the services of any outside compensation consultants for executive compensation relating to fiscal 2011.

Base Salary

After reviewing salaries payable to executives occupying comparable positions of high-tech industrial companies of comparable size, base salaries are fixed within the mid-range of the salaries reviewed. In determining individual base salaries, the Committee assesses an executive officer's past performance, time in position, level of responsibility, previous salary level and importance of the position to the Corporation. In attracting lateral hires, the Committee also assesses what the individual is currently earning and other factors which could entice a perspective candidate to accept an offer of employment with the Corporation. Base salaries are not specifically based on corporate performance and are typically reviewed annually at the commencement of the fiscal year.

Short-Term Incentive

The Committee established a comprehensive bonus plan for all of the Corporation's executives whereby cash bonuses would be payable based on the overall results of the Corporation and, in particular, based on the Corporation's actual versus budgeted net income. The current plan provides that each of the Corporation's senior executive officers may earn bonuses up to 100% of their base salaries upon the achievement of certain benchmarks in actual net operating income versus budgeted net operating income. Cash bonuses are calculated as a percentage of base salary except the bonus for the Chief Executive Officer which has been established in his employment agreement. Bonus rates for all other executive officers are established by the Chief Executive Officer, with the approval of the Board of Directors. Rates vary by position and can range from 5% to 100% of base salary, depending on function, department or a combination of both. For nearly all of the executive officers, the payment of any bonus is based on the Corporation achieving positive Earning Before Interest, Taxes Depreciation, and Amortization and other objectives such as revenues, gross margins and specific sales targets make up the remaining individual strategic objectives used in calculating bonuses. The Chief Executive Officer's employment agreement provides for an annual bonus equal to 6% of the Corporation's net operating income as per the Corporation's audited consolidated financial statements. The bonus is capped at 200% of the Chief Executive Officer's base salary.

Long-Term Incentive

Long-term incentives are provided through the grant of options pursuant to the Plan. The number of options granted to an executive officer, other than the Chief Executive Officer, is generally based on the recommendations of the President and the Chief Executive Officer to the Board of Directors. This Committee is of the view that the grant of stock options helps to align the personal interests of plan participants with those of the shareholders thereby preserving and enhancing shareholders' value in the long term.

Compensation of the Chief Executive Officer

The base salary and bonus amount of the Chief Executive Officer were established pursuant to the employment agreement signed in August 2006 and was based on a number of factors including level of responsibility, previous salary level, importance of the position to the Corporation, current compensation trends and peer executive compensation arrangements in other industrial corporations of comparable size. Given the Corporation's desire to conserve cash, more emphasis has been placed on awarding Mr. Piergentili's performance through the grant of stock options. Accordingly, the Committee awarded Mr. Piergentili with a grant of 2,500,000 options on October 14, 2007 and a grant of 1,050,000 options on March 14, 2008. Since no net income was earned by the Corporation for the fiscal year ended April 30, 2011, no cash bonus was paid to Mr. Piergentili for the fiscal year ended April 30, 2011.

Effective May 6, 2011 (the "Termination Date"), the Board accepted Mr. Piergentili's resignation as Chief Executive Officer of the Corporation. Pursuant to a settlement agreement (the "Settlement Agreement") between Mr. Piergentili and the Corporation, dated May 6, 2011, the Corporation agreed to pay Mr. Piergentili US\$159,862 over a period of six months. The Corporation's obligation to make payments to Mr. Piergentili pursuant to this paragraph is conditional upon Mr. Piergentili fully complying with the covenants and obligations set forth in the Settlement Agreement.

Mr. Piergentili agreed to render himself available upon reasonable notice from the Corporation to assist in any of the Corporation's then current ongoing initiatives, for a duration of six (6) months from the Termination Date, provided this does not result in any conflict or in any way impede Mr. Piergentili from obtaining employment. Should any substantial time, defined as more than 6 hours in any consecutive 7 day period, be required by the Corporation, the Corporation may request Mr. Piergentili to be available on a consultant basis with the Corporation at a rate of US\$150 per hour to be paid within 15 days of the Corporation receiving an invoice from Mr. Piergentili for the services being provided.

Further, the Corporation authorized the immediate vesting of the stock options in the Corporation held by Mr. Piergentili that had not otherwise vested. Mr. Piergentili had a period of thirty days from the Termination Date to exercise such options. As none of the options had been exercised within said period, they have been cancelled.

Subsequent to Mr. Piergentili's termination of employment with the Corporation, the Corporation appointed its Executive Chairman, Mr. Jeffrey Mandel, as President and Chief Executive Officer of the Corporation. His compensation as the Chairman of the Board of Directors has not changed and no additional remuneration has been given in light of this appointment.

SUMMARY COMPENSATION TABLE

The following table provides a summary of the total compensation of the Chief Executive Officer, the Chief Financial Officer and the one (1) highest paid executive officer of the Corporation (the "Named Executive Officers") for the financial year ended April 30, 2011:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jeffrey A. Mandel ⁽¹⁾ President and Chief Executive Officer	2011	—	—	—	—	—	—	—	—
Daniel Piergentili ^{(2), (3)} Former President and Chief Executive Officer	2011	327,000	—	—	—	—	—	168,000	495,000
	2010	331,357	—	—	—	—	—	5,000	336,357
	2009	347,000	—	—	—	—	—	10,000	357,000
Bruno Dumais Vice-President, Finance and Chief Financial Officer	2011	152,000	—	—	—	—	—	20,500	172,000
	2010	152,000	—	—	—	—	—	5,000	157,000
	2009	145,000	—	5,195	—	—	—	10,000	160,195
Robert Mitchell Vice-President Global Sales and Marketing and Vice-President, Operations and General Manager (Montréal)	2011	140,000	—	—	—	—	—	5,000	145,000
	2010	140,000	—	—	—	—	—	5,000	145,000
	2009	140,000	—	5,195	—	—	—	10,000	155,195

(1) Mr. Mandel was appointed on May 6, 2011; his compensation is presented in Section "Compensation of Directors" of this Circular.

(2) Mr. Piergentili resigned effective May 6, 2011.

(3) Mr. Piergentili's other compensation includes his remuneration pursuant to the Settlement Agreement.

Employment Agreements

The Corporation is a party to employment agreements with each of the Named Executive Officers. Under the various employment agreements, the Named Executive Officer may be entitled to compensation upon termination of employment and the current termination entitlement of Named Executive Officers ranges from 6 months to 18 months. Each Named Executive Officer has agreed not to, directly or indirectly, compete with the business of the Corporation during his employment and for a period of one or two years thereafter.

Incentive Plan Awards

In June 1996, the Corporation adopted a Stock Option Plan (the "Plan"), for the benefit of key full-time employees, directors and officers of the Corporation who may be designated from time to time by the Board of Directors of the Corporation or any appropriate committee thereof. Over the years, the number of options available under the Plan has been increased. The Plan, which is administered by the Board of Directors of the Corporation, is designed to motivate beneficiaries and to help encourage the retention of high performance executives over the long term.

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table shows all awards outstanding to each Named Executive Officer for the financial year ending April 30, 2011:

Name ⁽¹⁾	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Bruno Dumais	5,000	0.81	28-Apr-15	—	—	—
	250,000	0.14	31-Oct-16	—	—	—
	100,000	0.23	20-Jun-17	—	—	—
	150,000	0.16	25-Oct-17	—	—	—
	100,000	0.07	02-Dec-18	—	—	—
Jeffrey Mandel	550,000	0.11	3-Oct-16	—	—	—
	450,000	0.155	25-Oct-17	—	—	—
	1,000,000	0.17	14-Mar-18	—	—	—
	225,000	0.07	1-Dec-18	—	—	—
	500,000	0.07	29-Jul-19	—	—	—
Robert Mitchell	25,000	1.68	20-Oct-13	—	—	—
	5,000	1.85	19-May-14	—	—	—
	75,000	0.35	16-Sep-15	—	—	—
	50,000	0.14	31-Oct-16	—	—	—
	100,000	0.16	25-Oct-17	—	—	—
	100,000	0.17	14-Mar-18	—	—	—
	100,000	0.07	02-Dec-18	—	—	—
Daniel Piergentili	1,200,000	0.19	13-May-11	—	—	—
	1,250,000	0.11	13-May-11	—	—	—
	2,500,000	0.16	13-May-11	—	—	—
	1,050,000	0.17	13-May-11	—	—	—

⁽¹⁾ The information for Mr. Mandel is presented in Section "Compensation of Directors" of this Circular.

The following table indicates the value vested or earned during the financial year ending April 30, 2011 by each Named Executive Officer through all incentive plan awards:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bruno Dumais	7,919	—	—
Robert Mitchell	5,863	—	—
Daniel Piergentili	37,250	—	—

Description of the Stock Option Plan

The exercise price of any option granted under the Plan is fixed by the Board of Directors of the Corporation at the time of the grant, shall in no circumstances be lower than the market price of the Common Shares at the date of the grant of the option and is not less than that permitted by regulatory authorities. The term of an option does not exceed ten years after the date of the grant and options are not transferable and may be exercised only for so long as the beneficiary remains an employee, director or officer, as the case may be, subject to certain exceptions such as death or retirement.

The optionee may not take up more than 20% of the Common Shares covered by the option during each 12 month period from the date of the grant of the option; provided, however, that if the number of common shares taken up under the option during any such 12 month period is less than 20% of the Common Shares covered by the option, the optionee shall have the right, at any time or from time to time during the remainder of the term of the option, to purchase such number of Shares subject to the option which were purchasable, but not purchased by him, during such 12 month period.

An option which has not yet become exercisable, and all rights to purchase pursuant thereto, shall expire and terminate immediately upon the optionee ceasing to be a director, officer or a part-time or full-time employee of the Corporation. Any option which has become exercisable may, subject to the terms and conditions thereof and any other terms of the Plan, be exercised by the optionee, during the 30-day period following the date of termination.

If, before the expiry of an option in accordance with the terms thereof, the employment of the optionee with the Corporation shall terminate, in either case by reason of the death of the optionee, such option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative of the estate of such optionee at any time during the first six months following the death of the optionee but only to the extent that the optionee was entitled to exercise such option at the date of the termination of his employment.

Should the expiration date for an option fall within a black out period or within nine business days following the expiration of a black out period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the black out period, such tenth business day to be considered the expiration date for such option for all purposes under the Plan.

Notwithstanding any other provision of the Plan in the event of the acquisition by a person of 30% or more of the votes entitled to be cast at a meeting of the shareholders or in the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation, the optionee shall be entitled to exercise the options to the full amount of the common shares remaining at that time within 90 days of any such transaction.

The maximum number of Common Shares which may be reserved for issuance to insiders under the Plan is 10% of the total number of outstanding shares. The maximum number of Common Shares which may be issued to any one insider and such insider's associates under the Plan in any 12 month period shall be 5% of the total number of outstanding shares. The maximum number of Common Shares which may be issued to any insiders under the Plan in any 12 month period shall be 10% of the total number of outstanding Common Shares.

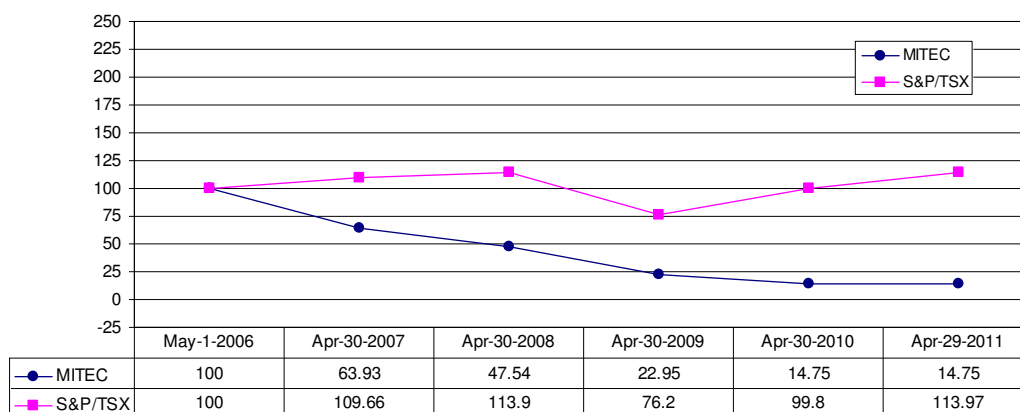
The maximum number of Common Shares which may be reserved for issuance to any one optionee under this Plan shall not exceed 5% of Common Shares outstanding at the date of the grant (on a non-diluted basis).

In September 2006 the Plan was amended in order to allow the Board of Directors to amend the Plan at any time without the consent of Shareholders, where the change is (i) an amendment of a "housekeeping" nature, such as that of a typographical, clerical or grammatical nature, (ii) a change to the vesting provisions of any option; (iii) a change in the termination provisions of any option that does not entail an extension beyond the original expiration date; (iv) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; (v) a change to the eligible participants of the Plan; and (vi) the addition of a deferred or restricted share unit or any other provision which results in an optionee receiving securities while no cash consideration is received by the issuer.

In October 2010, Shareholders agreed to an amendment to the Plan in which to provide greater flexibility to the Corporation and to allow it to meet its purpose of encouraging high performance directors, officer and employees. The Plan became a "rolling" plan such that the maximum number of Common Shares which may be issued under the Plan is 10% of the issued and outstanding Common Shares at all times. As a result, any increase in the number of outstanding Common Shares will result in an increase in the number of Common Shares that are available to be issued under the amended Plan. The policies of the TSX require that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable, must be approved by i) a majority of the listed issuer's directors; and ii) subject to Subsection 613(c) of the TSX Company Manual, the listed issuer's security holders every three years following its institution. Please refer to "Incentive Plan Awards" and "Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation" for a full description of the Plan and the amendments thereto made over the years.

PERFORMANCE GRAPH

On April 30, 2011, the closing price of a Common Share on the TSX was \$0.045. The following graph shows the cumulative return of a \$100 investment in the Common Shares made on May 1, 2006 on the TSX, compared with the total return of the S&P/TSX Composite Index for each financial year shown on this graph.



The trend shown by the performance graph set forth above represents a decline in cumulative total shareholder return until year-end 2010 followed by a stable period since then. During the first five years of the period, the total compensation (for salary, bonuses and stock options) earned by the Name Executive Officers steadily decreased. There has been no salary increase over the last two (2) years.

The Common Shares performed below the S&P/TSX Composite Index. In keeping with the Corporation's executive compensation principles, a significant portion of executive officers' total compensation is at risk. A substantial portion of an individual executive officer's target compensation is in the form of performance and long-term incentives. In particular, the actual value received from long-term incentives by individual executive officers, through the grant of options under the plan, is proportional to any increase (or decrease) in the Common Share price.

The trading price of the Common Shares on the TSX is subject to fluctuations based on several factors, many of which are outside the control of the Corporation and some of which are disclosed and discussed under the heading "Risk Factors" in the Corporation's annual report.

EQUITY COMPENSATION PLAN

The following table summarizes the Corporation's Equity Compensation Plan as at April 30, 2011:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for further issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	14,039,000	\$0.17	13,627,676

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, no informed person of the Corporation, or proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed fiscal year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains Directors' and Officers' Liability Insurance in the amount of \$5,000,000 per occurrence per year subject to a deductible to the Corporation of \$50,000 per occurrence. Generally, under this insurance, the Corporation is reimbursed for payments made under corporate indemnity provisions on behalf of directors and officers of the Corporation and its subsidiaries, and individual directors and officers of the Corporation and its subsidiaries are reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Corporation. For the fiscal year ended April 30, 2011 the total premium in respect of such insurance was \$32,500 which was paid entirely by the Corporation.

AUDIT COMMITTEE INFORMATION

Information required by Form 52-110F1 relating to the Audit Committee is available in the Corporation's Annual Information Form for the fiscal year ended April 30, 2011. A copy of the Corporation's Annual Information Form is available on SEDAR (www.sedar.com) or can be obtained upon request to the Secretary of the Corporation at its head office 3299 Jean-Baptiste-Deschamps, Lachine, Québec, H8T 3E4.

APPOINTMENT OF AUDITORS

BDO Canada LLP were appointed auditors of the Corporation in October 2007. It is proposed to reappoint BDO Canada LLP as auditors of the Corporation at the Meeting, to hold office until the close of the next annual meeting of Shareholders, and to authorize the Board of Directors to determine their remuneration. Except where authority to vote in respect of the appointment of auditors is withheld, the persons named in the accompanying form of proxy will vote the shares represented thereby for the appointment of BDO Canada LLP as auditors of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Security holders may request copies of the Corporation's financial statements and MD&A by contacting the Secretary of the Corporation at its head office: 3299 Jean-Baptiste-Deschamps, Lachine, Québec, H8T 3E4, Telephone: (514) 694-9000. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. The Corporation may charge a reasonable amount for any request from someone who is not a security holder of the Corporation, unless the Corporation is making a distribution of its securities by way of a simplified prospectus, in which case these documents will be provided free of charge.

DIRECTORS' APPROVAL

The Board of Directors of the Corporation has approved the contents of this Circular and its sending to Shareholders.

Secretary,

(s) Bruno Dumais

Bruno Dumais

Montreal, Québec, September 29, 2011

SCHEDULE A
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation holds the view that effective corporate governance practices are key to the overall success of a company. Over the past few years, the Canadian Securities Administrators enacted National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI-58-101") and National Policy 58-201 – Corporate Governance Guidelines ("NP-58-201") which require that the Corporation disclose information about its corporate governance practices. This Schedule is intended to comply with such requirement. The Corporation is also complying with the provisions of National Instrument 52-100 - Audit Committees ("NI-52-110"), as discussed under "Audit Committee Information"

Corporate Governance Disclosure Requirements	Comments						
1. (a) Disclose the identity of all directors who are independent.	<p>The Compensation and Corporate Governance Committee has reviewed the independence of each director as defined in NI-58-101. A director who is independent has no direct or indirect material relationship with the Corporation, including a relationship which in the view of the Board of Directors could reasonably interfere with the director's exercise of independent judgment. The Board of Directors is of the opinion that 4 of the 5 nominees proposed by management for election as directors are independent, namely:</p> <p>Noah Billick Robert Boisjoli Hubert R. Marleau David B. Parkes</p>						
(b) Disclose the identity of all directors who are not independent, and describe the basis for that determination.	<p>The Compensation and Corporate Governance Committee has determined, after reviewing the role and relationships of each director, that the following director nominated by management for election is not independent, namely:</p> <p>Jeffrey A. Mandel, President, Chief Executive Officer and Chairman of the Board</p>						
(c) Disclose whether or not a majority of the directors are independent.	<p>The majority, i.e. 4 of the 5 directors nominated by management for election to the Board of Directors, are independent.</p>						
(d) If a director is presently a director of any other issuer that is a reporting issuer in a Canadian jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>The following Directors are presently directors of other issuers that are reporting issuers:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Noah Billick</td> <td>Buzz Telecommunications Services Inc. FRV Media Inc. Miraculins Inc.</td> </tr> <tr> <td>Robert Boisjoli</td> <td>Aptilon Corporation VVC Exploration Corporation</td> </tr> <tr> <td>Hubert R. Marleau</td> <td>AIS Resources Limited Buzz Telecommunications Services Inc. Canalaska Uranium Ltd Eco Oro Mineral Corp. FRV Media Inc. Gobimin Inc. Huntington Exploration Inc. Niocan Inc. Uni-Sélect Inc. Woulfe Mining Corp.</td> </tr> </table>	Noah Billick	Buzz Telecommunications Services Inc. FRV Media Inc. Miraculins Inc.	Robert Boisjoli	Aptilon Corporation VVC Exploration Corporation	Hubert R. Marleau	AIS Resources Limited Buzz Telecommunications Services Inc. Canalaska Uranium Ltd Eco Oro Mineral Corp. FRV Media Inc. Gobimin Inc. Huntington Exploration Inc. Niocan Inc. Uni-Sélect Inc. Woulfe Mining Corp.
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(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in	<p>The independent directors systematically hold meetings at which members of management are not in attendance. The CEO and CFO are regularly</p>						

	attendance. If the independent directors hold such meetings, disclose the number of such meetings held in the last 12 months. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	asked to participate in the Board meetings. In the last 12 months, there were five (5) meetings at which members of management were not in attendance.														
(f)	Disclose whether or not the chair of the board is an independent director; disclose his identity and describe his role and responsibilities.	The positions of Chief Executive Officer and Chairman of the Board were separate until the resignation of Daniel Piergentili. The directors chose Jeffrey A. Mandel to act as Chairman of the Board of Directors. He has taken on the role of Chairman, President and Chief Executive Officer effective April 13, 2011. Mr. Mandel is not considered as an independent director.														
(g)	Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed fiscal year.	The attendance record of each director for the Board meetings held from May 1, 2010 to the date of this circular is as follows: <table border="0"> <tr> <td>Noah Billick</td> <td>28 of 32 meetings</td> </tr> <tr> <td>Robert Boisjoli</td> <td>43 of 49 meetings</td> </tr> <tr> <td>Jeffrey A. Mandel</td> <td>49 of 49 meetings</td> </tr> <tr> <td>Hubert R. Marleau</td> <td>36 of 49 meetings</td> </tr> <tr> <td>David B. Parkes</td> <td>38 of 49 meetings</td> </tr> <tr> <td>Daniel Piergentili</td> <td>40 of 45 meetings</td> </tr> <tr> <td>Charles R. Spector⁽¹⁾</td> <td>16 of 21 meetings</td> </tr> </table>	Noah Billick	28 of 32 meetings	Robert Boisjoli	43 of 49 meetings	Jeffrey A. Mandel	49 of 49 meetings	Hubert R. Marleau	36 of 49 meetings	David B. Parkes	38 of 49 meetings	Daniel Piergentili	40 of 45 meetings	Charles R. Spector ⁽¹⁾	16 of 21 meetings
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David B. Parkes	38 of 49 meetings															
Daniel Piergentili	40 of 45 meetings															
Charles R. Spector ⁽¹⁾	16 of 21 meetings															
2.	Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The Board of Directors has adopted a written mandate describing its roles and responsibilities, the text of which is set out in Schedule B to this Circular.														
3. (a)	Disclose whether or not the board has developed written position descriptions for the chairman of the board and the chair of each board committee.	Following the nomination of of Mr. Mandel as Chairman, President and Chief Executive Officer, the Board of Directors has adopted a written position description for the Chairman, President and Chief Executive Officer. A copy of the position description is attached as Schedule F.														
(b)	Disclose whether or not the board has developed a written position description for the chief executive officer.	As discussed above a written position description for the Chairman, President and Chief Executive Officer as attached as Schedule F														
4. (a)	Briefly describe what measures the board takes to orient new directors regarding:	New Directors are provided with an extensive information package on the Corporation's business, its strategic and operational business plans, its operating performance and its financial position. In addition, new Directors meet individually with members of the senior management team.														
	i) the role of the board, its committees and its directors, and															
	ii) the nature and operation of the issuer's business.															
(b)	Briefly describe what measures, if any, the board takes to provide continuing education for its directors.	Directors attend presentations held from time to time to keep them apprised of changes within the Corporation and the regulatory and industry requirements and standards.														
5. (a)	Disclose whether or not the board has adopted a written code of ethics for the directors, officers and employees. If the board has adopted a written code:	The Board has adopted a code of conduct for the directors, officers and employees.														
	i) disclose how a person or Corporation may obtain a copy of the code;	A copy of the Corporation's code of conduct is available upon request by contacting the Secretary of the Corporation at its head office 3299 Jean-Baptiste-Deschamps, Lachine, Québec, H8T 3E4.														
	ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code;	The Board of Directors regularly monitors compliance with the code of conduct and also ensures that management fosters a culture of ethical behaviour.														

(1) Mr. Spector did not stand for re-election at last year's shareholders' meeting, which was held on October 28, 2010.

	iii) provide a cross-reference to any material change report filed in the last 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code; and	There has not been any material change report since May 1, 2006 pertaining to the conduct of a director or executive officer that constitutes a departure from the code.
(b)	Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	The Compensation and Corporate Governance Committee and the Board of Directors monitor the disclosure of conflicts of interest by Directors and ensures that no Director will vote or participate in a discussion on a matter in respect of which such Director has a material interest.
6. (a)	Describe the process by which the board identifies new candidates for board nomination.	The Compensation and Corporate Governance Committee has been delegated the task of evaluating and recommending to the Board of Directors new nominees for the position of Director. The Compensation and Corporate Governance Committee takes suggestions for new directors from the members of the Board and, in the past, has hired an outside consultant to provide candidates.
(b)	Disclose whether or not the board has a nominating committee composed entirely of independent directors.	The Compensation and Corporate Governance Committee is responsible for proposing new candidates for the Board when vacancies arise.
(c)	If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	This committee identifies candidates who have the required qualifications for directorship and recommends them to the Board for election by the shareholders or appointment by the Board to fill a vacancy on the Board. This committee makes such recommendations based on the following factors: (a) the selection criteria approved by the Board, including qualifications and skills that the Board deems it should have as a whole; (b) the qualifications and skills that the Board deems every director should have; (c) the qualifications and skills that each candidate would contribute to the Board; and (d) the feedback received from outside consultants, if any.
7. (a)	Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Compensation and Corporate Governance Committee reviews whether the compensation of the non-management directors is justified, and makes recommendations to the Board to ensure that such compensation is realistic having regard to the corresponding responsibilities.
(b)	Disclose whether or not the board has a compensation committee composed entirely of independent directors.	The Compensation and Corporate Governance Committee is composed entirely of independent directors.
(c)	If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation and Corporate Governance Committee has the responsibility of establishing and reviewing the Corporation's executive compensation policy. The policy has been designed to incorporate a pay for performance philosophy. The policy has been established to encourage and reward executive officers on the basis of individual and corporate performance.
8.	If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Mergers & Acquisitions Committee ("MAC") was formed early in 2009 and given a mandate to review acquisitions and divestitures opportunities that would result in increased shareholder value through a transformative transaction. Opportunities may involve joint ventures, acquisitions, mergers and, under certain circumstances, the divestiture of various

		divisions of the Corporation. The MAC regularly reported to the Board on its progress and on any specific developments in any identified opportunities. The MAC terminated in October 2010.
9.	Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.	<p>The Board of Directors, on an annual basis, evaluates itself and its committees. The Directors have an obligation to fulfil their duties and assume their responsibilities in the best interests of the Corporation. The Board of Directors expects all members to review materials provided in advance of its meetings and to attend its meetings and those of its committees on which they sit.</p> <p>Board members are asked to complete an annual questionnaire to ensure that the Corporation has all relevant current information regarding such directors.</p>

SCHEDULE B MANDATE OF THE BOARD OF DIRECTORS

The Board is responsible for the supervision of the management of the Corporation's business and affairs, with the objective of increasing shareholder value.

Although management conducts the day-to-day operations of the Corporation, the Board has a duty of stewardship and regularly assesses and monitors management's performance.

In spite of the fact that directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interest of the Corporation.

From time to time, the Board may formally adopt and review mandates for its committees and may, in addition, delegate certain tasks to its committees. However, such mandates and delegation of tasks do not relieve the Board of its overall responsibilities.

The Board approves all matters expressly required herein, under the *Canada Business Corporations Act* and other applicable legislation, rules and regulations and the Corporation's Articles and By-laws.

1. Membership and Quorum

The Board shall consist of such number of directors as the Board may determine from time to time, provided that such number shall be within the minimum and maximum number of directors set out in the Corporation's articles.

The quorum at any meeting of the Board is a majority of directors in office.

2. Frequency of Meetings

- at least four times a year and as necessary.

3. Board Chair

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the members at which directors are elected. If the Board does not so appoint a Chair, the director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

4. Mandate

The responsibilities of the Board include the following:

a) *With respect to strategic planning*

- approving the Corporation's long-term strategy, taking into account, amongst other matters, business opportunities and risks;
- approving and monitoring the implementation of the Corporation's annual business plan;
- advising management on strategic issues.

b) *With respect to human resources and performance assessment*

- choosing the Chief Executive Officer ("CEO") and approving the appointment of other officers of the Corporation;
- approving the CEO's corporate objectives;
- monitoring and assessing the performance of the CEO and of the other officers of the Corporation and approving their compensation, taking into consideration Board expectations and fixed objectives;
- taking reasonable measures to ensure that an appropriate portion of the CEO's and the other officers' compensation is tied to both the short and longer term performance of the Corporation;
- taking all reasonable steps to ensure that processes are in place for the recruitment, training, development and retention of executives who exhibit high standards of integrity as well as competence;
- monitoring management and Board succession planning process;
- monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities;

- approving the list of Board nominees for election by shareholders.

c) *With respect to financial matters and internal control*

- monitoring the integrity and quality of the Corporation's financial statements and other documents providing financial information and the appropriateness of their disclosure;
- overseeing the external auditors' independence and qualifications;
- reviewing and approving the general content of, and the Audit and Finance Committee's report on the financial aspects of, the Corporation's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses, offering memoranda and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities in Canada or, if and when applicable, in the United States of America;
- approving operating and capital budgets, the issue of securities and, subject to the schedule of authority of the Corporation, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures;
- determining dividend policies and procedures;
- taking all reasonable steps to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities;
- monitoring the Corporation's management information systems;
- monitoring the Corporation's compliance with applicable legal and regulatory requirements;
- reviewing at least annually the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors, the media and the public.

d) *With respect to corporate governance matters*

- overseeing management in the competent and ethical operation of the Corporation;
- reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board;
- reviewing, where appropriate, measures for receiving shareholder feedback, and the adequate public disclosure thereof;
- adopting and reviewing, on a regular basis, the Corporation's Code of Ethics and Business Conduct (the "Code"), and such other policies as may be approved by the Board from time to time (the "Policies"), monitoring compliance with the Code and the Policies, approving any waiver from compliance with the Code or the Policies for directors and officers and ensuring appropriate disclosure of any such waiver;
- approving a policy that enables Committees of the Board and, subject to approval of the Corporate Governance Committee, an individual director, to engage external advisors at the expense of the Corporation in appropriate circumstances;
- ensuring the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.

e) *With respect to environmental and social responsibility practices*

- monitoring and reviewing, as appropriate, the Corporation's environmental and social responsibility practices.

5. Method of Operation

- meetings of the Board are held at least quarterly, and as required; in addition, a special meeting of the Board is held, at least annually, to review the Corporation's strategic plan;
- management develops the agenda for each meeting of the Board in consultation with the Chairman of the Board. The agenda and the appropriate materials are provided to directors of the Corporation on a timely basis prior to any meeting of the Board;
- non-management directors meet periodically without management present, under the oversight of the Chairman of the Board;
- directors who do not have interests in or relationships with either the Corporation or its significant shareholders meet periodically without management and other directors present;
- the Corporate Governance Committee annually supervises the performance assessment of individual directors, the Board as a whole, the Board committees, and the Board and committee chairs.

SCHEDULE C
TEXT OF THE SPECIAL RESOLUTION TO BE PASSED AT THE MEETING

Share Consolidation Resolution

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the Corporation be and is hereby authorized to amend the Articles of the Corporation, if and when the directors shall deem appropriate to do so, but in any event no later than April 30, 2012, to consolidate the total number of issued and outstanding Common Shares into a different number of fully paid Common Shares on the basis of a ratio to be determined in the sole and absolute discretion of the directors of the Corporation, but not to exceed one new Common Share for every ten (10) Common Shares issued and outstanding immediately prior to the date that a Certificate of Amendment is issued by the Director appointed pursuant to the *Canada Business Corporations Act*, all as now fully described in the Management Proxy Circular of the Corporation (the “Share Consolidation”);
2. no fractional post-Share Consolidation Common Shares shall be issued in connection with the Share Consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional post-Share Consolidation Common Share, the number of post-Share Consolidation Common Shares to be issued to such shareholder shall be rounded down to the nearest whole number of Common Shares and the fractional post-Share Consolidation Common Share interest will be cancelled without consideration, all as now fully described in the Management Proxy Circular of the Corporation;
3. the board of directors, in its sole discretion, be and is hereby authorized to implement the Share Consolidation;
4. any one director or officer of the Corporation be and the same is hereby authorized and directed to execute on behalf of the Corporation, and to deliver and to cause to be delivered, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as said director or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby; such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such act or thing.”

(All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Management Proxy Circular of the Corporation.)

SCHEDULE D
TEXT OF THE SPECIAL RESOLUTION TO BE PASSED AT THE MEETING

Transfer of Assets Resolution

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the Corporation be and is hereby authorized to, if and when the directors shall deem appropriate to do so, transfer substantially all of the Corporation's operating assets and liabilities to a newly-created, direct, wholly-owned subsidiary, pursuant to an Asset Transfer Agreement, as summarized in the Management Proxy Circular of the Corporation;
2. the board of directors, in its sole discretion, be and is hereby authorized to implement the Transfer;
3. the board of directors, in its sole discretion, be and is hereby authorized to approve the Subsequent Transaction;
4. any one director or officer of the Corporation be and the same is hereby authorized and directed to execute on behalf of the Corporation, and to deliver and to cause to be delivered, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as said director or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby; such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such act or thing;
5. notwithstanding that this resolution has been passed, the Corporation is authorized, without further notice to or approval of the Shareholders of the Corporation: (a) to negotiate, finalize and amend any or all of the agreements contemplated by the Transfer; and/or (b) to terminate any agreement with respect to the Transfer and to not proceed with the Transfer.”

(All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Management Proxy Circular of the Corporation.)

**SCHEDULE E
RIGHT TO DISSENT
SECTION 190 OF THE CBCA**

1) Right to dissent

Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

2) Further right

A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(2.1) If one class of shares

The right to dissent described in subsection (2) applies even if there is only one class of shares.

3) Payment for shares

In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

4) No partial dissent

A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

5) Objection

A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

6) Notice of resolution

The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

7) Demand for payment

A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

8) Share certificate

A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

9) Forfeiture

A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

10) Endorsing certificate

A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

11) Suspension of rights

On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

12) Offer to pay

A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

13) Same terms

Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

14) Payment

Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

15) Corporation may apply to court

Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

16) Shareholder application to court

If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

17) Venue

An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

18) No security for costs

A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

19) Parties

On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

20) Powers of court

On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

21) Appraisers

A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

22) Final order

The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

23) Interest

A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

24) Notice that subsection (26) applies

If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

25) Effect where subsection (26) applies

If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

26) Limitation

A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

SCHEDULE F
CHAIRMAN, PRESIDENT, CHIEF EXECUTIVE OFFICER
POSITION DESCRIPTION

1) GENERAL DUTIES

The Chairman, President and Chief Executive Officer's fundamental responsibility is the general direction and management of the business and affairs of the Corporation, within the authority limitations delegated by the Board, focused on meeting the corporate goals and objectives approved by the Board of Directors. In his capacity as Chairman of the Board of Directors of the Corporation, his fundamental responsibility is to effectively manage the affairs of the Board in accordance with corporate governance principles.

The Chairman, President and Chief Executive Officer shall:

2) SPECIFIC DUTIES

(a) Board Structure

- Ensure that the Board is properly organized, functions effectively and meets its obligations and responsibilities including those relating to corporate governance matters.
- Establish the frequency of Board meetings and review such frequency from time to time, as considered appropriate or as requested by the Board, including periodic meetings of directors without management representatives and non-independent directors.

(b) Board Management

- Preside as Chair of each Board meeting.
- Prepare the agenda, information packages and related matters for Board meetings with assistance from the Secretary.
- Establish a system that provides for communication with all directors and committee chairs to coordinate input from directors and optimize the effectiveness of the Board and its committees.
- In conjunction with the relevant committees of the Board, review and assess director attendance, performance and compensation and the size and composition of the Board.

(c) Annual Meeting and Other Communication

- Chair meetings of shareholders of the Company.

(d) Corporate Strategy & Objectives

- Create customer and shareholder value and ensure the profitable growth of the Corporation by exercising a firm and reasonable management over the Corporation's balance sheet.
- Establish the corporate vision, mission and values, communicate them and ensure they are abided by.
- Establish the corporate growth and strategic objectives of the Corporation and ensure their implementation in order to increase the client base and sales and become the leader in the industry.
- Find opportunities for mergers, acquisitions, joint ventures, affiliations and partnerships and lead the negotiations (responsible for the organic and corporate growth).
- In collaboration with the Vice-Presidents, ensure the sustained organic growth as well as the efficient external growth of the Corporation through integration following mergers and acquisitions, joint ventures, affiliations and partnerships.
- Ensure the maximum return on invested capital by a firm management of assets and costs.
- Ensure that the strategic plan of the Corporation and those of its business units are up-to-date and measurable, attainable, surpassable, motivating and engaging.
- Plan, in collaboration with management, the strategic positioning and the critical concerns of the Corporation and put in place organizational structures required to attain the set objectives.
- Update, on a regular basis, the strategic orientations of the Corporation and its commercialisation methods with regards to local realities and local, regional and international markets.
- Regularly update the corporate business model.
- Modify the organizational structure in relation to the development (evolution) of the Corporation and its market.

(e) Operational Effectiveness

- Ensure the profitability and the good management of the Corporation by developing annual operating plans with specific objectives for each business unit.
- Following acquisitions, supervise the integration of strategies, teams, systems and products in order to achieve increased organizational and operational efficiency.
- Assume the function of general manager, delineate the work of upper management in collaboration with them and establish the long- and short-term objectives, policies and procedures of the Corporation.
- In conformity with the strategic plans of the Corporation and its business units, delegate the decision-making to those able to make decisions while retaining the power to decide on certain matters of a collective nature.
- Coordinate the resources and competencies of head office in order to offer a better support to the business units and the divisions in their daily operations and development.
- Foresee the future needs of the Corporation and consequently ensure the development of the competencies and aptitudes of management.
- Direct the planning activities, approve the budgets and business plans and oversee the results.
- Ensure the coordination between the various services.
- Coordinate exchanges among employees, clients and suppliers.
- Recruit competent and productive teams and maintain constructive and transparent relations with all employees.
- Play a pivotal role with regards to communication, the attaining of objectives and the measures to take and ensuring that the managers have the relevant information to make decisions.

(f) Integrity/Corporate Conduct

- Define, detail and communicate the corporate vision. Put into place and communicate the values and beliefs of the Corporation with regards to its clients, all of its employees, its suppliers and shareholders, as well as, the community (be a responsible corporate citizen).
- Establish and maintain strategic contacts in the business community (associations, stock markets, etc.) and act as the representative of the Corporation.
- Maintain contacts with clients, key suppliers and with the Board of Directors.

(g) Corporation Officers

- The Vice-President of Global Sales and Marketing and Vice-president, Operations and General Manager (Montreal) and the Vice-President, Finance and Chief Financial Officer, report directly to the Chairman, President and Chief Executive Officer.
- The Chairman, President and Chief Executive Officer shall recommend to the Board, for approval, the appointment or removal of officers of the Corporation.

3) NON-EXHAUSTIVE LIST

The foregoing list of duties is not exhaustive and the Chairman, President and Chief Executive Officer may, in addition, perform such other functions as may be necessary or appropriate in the circumstances.

