

MITEC
TELECOM INC.
2009

NOTICE OF ANNUAL AND SPECIAL MEETING
AND MANAGEMENT PROXY CIRCULAR

For the meeting to be held on October 20, 2009
at 11:00 a.m. at:

HOLIDAY INN EXPRESS & SUITES
MONTREAL AIRPORT
Merchants Villa Room
10888 Côte-de-Liesse
Dorval, Québec



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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, 10888 Côte-de-Liesse, Dorval, Quebec, on October 20, 2009 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, 2009 and the auditors' 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, 2010, amend the Articles of the Corporation to consolidate the Corporation's issued and outstanding 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 sixty (60) common shares issued and outstanding and the complete text of such resolution is set out in Schedule C to the Management Proxy Circular for this Meeting as the "Share Consolidation Resolution"; and
5. to transact such other business as may properly be brought before the meeting.

Montreal, Québec, September 18, 2009
By order of the Board of Directors,

(S) BRUNO DUMAIS
BRUNO DUMAIS
Secretary

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

The 2009 Annual Report, which comprises the Management Discussion and Analysis of financial condition and results of operations, the financial statements of Mitec Telecom Inc. and the auditors' report to the shareholders for the fiscal year ended April 30, 2009, accompanies this notice of Meeting, if you asked to receive it, and is posted on the Corporation's website at **www.mitectelecom.com**.

Holders of common shares of the Corporation on September 18, 2009 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 Management Proxy Circular explains how shareholders may exercise their right to vote.

For general shareholder enquiries, the transfer agent can be contacted by mail at:

CIBC Mellon Trust Company
320 Bay Street
Banking Hall
Toronto, ON M5H 4A6

or by telephone:

within Canada and the United States
1-800-387-0825

and from all other countries
(416) 643-5500

or by fax:

within Canada and the United States
1-866-781-3111 (Free in North America)

and from all other countries:
(416) 368-2502

or by e-mail:

inquiries@cibcmellon.com

If you cannot attend the Meeting in person, kindly complete and return the enclosed form of proxy to the transfer agent, CIBC Mellon Trust Company, 320 Bay Street, Banking Hall, Toronto, Ontario, M5H 4A6, in the envelope provided. In order to be valid, the proxy must be in the hands of CIBC Mellon Trust Company no later than forty-eight hours, excluding Saturdays and holidays, prior to the time of the Meeting, or any adjournment thereof.

MANAGEMENT **PROXY CIRCULAR**

SOLICITATION AND REVOCATION OF PROXIES

This Management Proxy 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 18, 2009, unless otherwise indicated.

The persons named in the accompanying form of proxy are directors or officers of the Corporation. However, each holder of Common Shares has the right to appoint a person (who need not be a shareholder of the Corporation) 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 CIBC Mellon Trust Company.

Pursuant to Section 148 (4) of the Canada Business Corporations Act, 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 Dunwoody LLP as auditors and in favour of the Share Consolidation Resolution as set out in Schedule C to the Management Proxy Circular.

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 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 shares will be recognized and acted upon at the Meeting. If the 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 Management Proxy 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 Management Proxy 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

Holders of Common Shares of the Corporation who are included in the list of shareholders registered at the close of business on September 18, 2009 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 18, 2009, 220,666,776 Common Shares were issued and outstanding. As at September 18, 2009, 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.

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.

Six (6) 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 18, 2009 and indicates the attendance record of each director for the Board meetings held from May 1, 2008 to the date of this circular:

Name and Municipality of Residence	Principal Occupation	Director Since	Attendance	Common Shares Beneficially Owned or Controlled ⁽³⁾
Robert Boisjoli ^{(1) (2)} Montréal, Québec, Canada	President, Atwater Financial Group (consulting firm)	2007	19/20	—
Jeffrey A. Mandel Toronto, Ontario, Canada	President, AMR Securities Services Inc. (financial consulting firm)	2006	19/20	725,840
Hubert R. Marleau ^{(1) (2)} Montréal, Québec, Canada	President, Palos Capital Corporation (investment firm)	1996	18/20	—
David B. Parkes ^{(1) (2) (3)} Toronto, Ontario, Canada	President, David B. Parkes & Associates (consulting firm)	2007	20/20	416,666
Daniel Piergentili Longmont, Colorado, U.S.A.	President and CEO of the corporation	2006	18/20	354,331
Charles R. Spector Westmount, Québec, Canada	Partner, Fraser Milner Casgrain LLP (law firm)	1996	19/20	210,174

(1) Member of the Audit Committee.

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

(3) Member of the Mergers and Acquisitions Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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, with the exception of the facts disclosed below with respect to Mr. Boisjoli, 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 thirty (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 thirty (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 within the last ten (10) years 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) within the last ten (10) years 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, with the exception of the facts disclosed below with respect to Mr. Marleau, no director or executive officer of the Corporation (i) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

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

Sub-section 173(1)(h) of the Canada Business Corporations Act 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 is seeking the approval of the holders of the Corporation's Common Shares to authorize the Corporation to amend the Articles of the Corporation, if and when the Board deems appropriate but no later than April 30, 2010, 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 sixty (60) Common Shares that are issued and outstanding (the "Share Consolidation"). Sub section 173(2) of the Canada Business Corporations Act 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 holders of the Corporation's Common Shares. In exercising its authority, the Board will consider the advisability of proceeding to complete the Share Consolidation. The Share Consolidation resolution is designed to authorize the Board, if and when it deems appropriate but no later than April 30, 2010, to determine the appropriate ratio and implement the Share Consolidation.

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.

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 must be approved by an affirmative vote of not less than 66 2/3% of the votes cast by the Corporation's 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 Corporation's 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 Management Information 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 holders 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.

COMMENTS ON CORPORATE GOVERNANCE

General

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.

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, 2009:

Name ⁽¹⁾	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	\$	\$	\$	\$	\$	\$	\$
Robert Boisjoli	25,000	—	—	—	—	—	25,000
Jeffrey A. Mandel ^{(2) (3)}	72,050	—	11,688	—	—	37,500	99,188
Hubert R. Marleau	22,000	—	—	—	—	—	22,000
David B. Parkes	38,000	—	—	—	—	—	38,000
Charles R. Spector	18,000	—	—	—	—	—	18,000

(1) The compensation earned by Daniel Piergentili is presented in Section "Summary Compensation Table" on page 12 of this Circular.

(2) In addition to the fees earned as a director, a consulting fee for Investor Relations Management in the amount of \$37,500 was paid to a company controlled by Jeffrey A. Mandel.

(3) In determining the fair value of option awards, the Black-Scholes model, an established methodology, was used with the following assumptions for the December 2, 2008 award:

- (i) risk-free interest rate of 2.48%;
- (ii) volatility of 97.71%;
- (iii) expected life of five years; and
- (iv) no dividend yield. The fair value per option was \$0.052.

Annual Retainer and Attendance Fees

During the fiscal year ended April 30, 2009, directors, other than officers of the Corporation, were paid monthly retainers as described herein below:

	Chairman	Members
	\$	\$
Board of Directors	4,167	1,500
Audit Committee	500	250
Compensation and Corporate Governance	167	83
Merger and Acquisition (effective December 2008)	3,000	N/A

The total cash remuneration paid to Directors during the fiscal year ended April 30, 2009 was \$175,050.

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, 2009:

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	7,875	175,000	7,875
Hubert R. Marleau	5,000	2.10	06-Dec-10	—	—	—
	20,000	3.43	22-Nov-11	—	—	—
	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	—	—	—
David B. Parkes	150,000	0.16	25-Oct-17	—	—	—
	350,000	0.17	14-Mar-18	—	—	—
Charles R. Spector	5,000	2.10	06-Dec-10	—	—	—
	10,000	3.43	22-Nov-11	—	—	—
	15,000	0.80	09-Aug-12	—	—	—
	40,000	0.31	08-May-13	—	—	—
	40,000	1.85	19-May-14	—	—	—
	40,000	0.32	16-Dec-15	—	—	—
	300,000	0.11	04-Oct-17	—	—	—
	50,000	0.16	25-Oct-17	—	—	—
	70,000	0.17	14-Mar-18	—	—	—
380,000	0.17	21-Mar-18	—	—	—	

The Share-Based and Option-Based Awards outstanding for Daniel Piergentili is presented in Section “Summary Compensation Table” on page 12 of this Circular.

The following table indicates the value vested or earned from grants issued during the financial year ending April 30, 2009 by each director 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 \$
Jeffrey A. Mandel	7,793	—	—

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation and Corporate Governance Committee (the “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.

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.

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, 2009, no cash bonus was paid to Mr. Piergentili for the fiscal year ended April 30, 2009.

Composition of the Compensation and Corporate Governance Committee

For the year ended April 30, 2009, the Compensation and Corporate Governance Committee was composed of: David B. Parkes, Robert Boisjoli, and Hubert R. Marleau.

SUMMARY COMPENSATION TABLE

The following table provides a summary of the total compensation of the Chief Executive Officer, the Chief Financial Officer and the two (2) other highest paid executive officers of the Corporation (the "Named Executive Officers") for the financial year ended April 30, 2009:

Name and principal position	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			
	\$	\$	\$	\$	\$	\$	\$	\$
Daniel Piergentili President and Chief Executive Officer	347,000	—	—	—	—	—	10,000	357,000
Bruno Dumais Vice-President, Finance and Chief Financial Officer	145,000	—	5,195	—	—	—	10,000	160,195
Robert Mitchell Vice-President Global Sales and Marketing and Vice-President, Operations and General Manager (Montréal)	140,000	—	5,195	—	—	—	10,000	155,195
Jeff Joseph Vice-President, Business Development	125,000	—	—	—	—	—	10,000	135,000

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.

Mr. Piergentili's employment agreement provides, inter alia, for severance arrangements including the payment of a lump sum amount of \$435,000 and an acceleration of his existing options providing for their exercise over a period of five years from the effective date of termination in the event that Mr. Piergentili is terminated without cause during the term of his employment with the Corporation. The initial term of Mr. Piergentili's employment agreement, which commenced on August 14, 2006, has been extended for an additional two years. Mr. Piergentili's employment agreement also 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.

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. On October 19, 2007, shareholders approved an amendment increasing the number of options such that there are currently a total of 20,000,000 common shares reserved for issuance. 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, 2009:

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
	#	\$		\$	#	\$
Bruno Dumais	100,000	0.07	2-Dec-18	1,400	—	—
Robert Mitchell	100,000	0.07	2-Dec-18	1,400	—	—

The following table indicates the value vested or earned during the financial year ending April 30, 2009 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	5,195	—	—
Robert Mitchell	5,195	—	—

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.

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 be 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 shares.

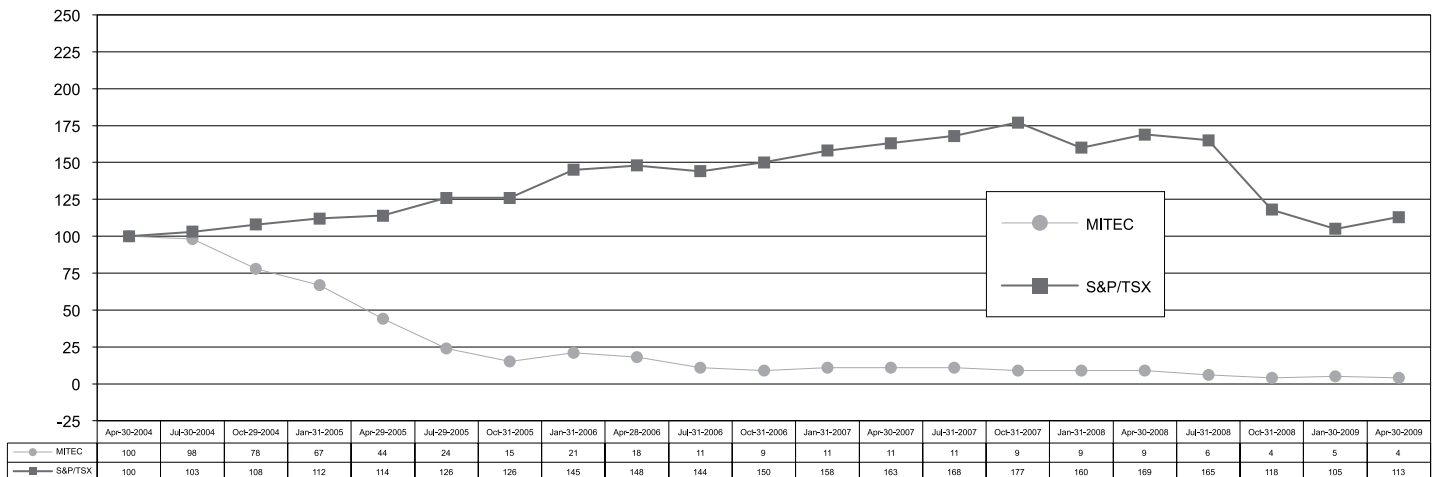
The maximum number of common shares which may be reserved for issuance to any one optionee under this Plan shall not exceed 5% of common shares outstanding at the date of the grant (on a non-diluted basis).

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.

Concurrently, the Plan was also amended to provide that 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.

PERFORMANCE GRAPH

The performance graph below compares the cumulative total shareholder return for \$100 invested in the Corporation’s Common Shares on April 30, 2004, with that of the S&P/TSX Composite Index.



EQUITY COMPENSATION PLAN

The following table summarizes the Corporation’s Equity Compensation Plan as at April 30, 2009:

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	14,818,050	\$0.19	5,181,950
Equity compensation plans not approved by security holders	—	—	—

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. Charles R. Spector may benefit indirectly from the fact that the Corporation retains the law firm in which he is a partner for advice and services in the ordinary course of business. Jeffrey A. Mandel provides financial consulting services to the Corporation. The amounts he has received for such services do not 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, 2009, the total premium in respect of such insurance was \$50,922 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, 2009. 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 Dunwoody LLP were appointed auditors of the Corporation in October 2007. It is proposed to reappoint BDO Dunwoody 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 of the Corporation 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 Dunwoody LLP as auditors of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Securityholders 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.

Unless otherwise specified, the information in this Management Proxy Circular is given at September 18, 2009.

DIRECTORS' APPROVAL

The Board of Directors of the Corporation has approved the contents of this Management Proxy Circular and its sending to holders of its Common Shares.

SECRETARY,

**(S) BRUNO DUMAIS
BRUNO DUMAIS**

Montréal, Québec, September 18, 2009

STATEMENT OF CORPORATE GOVERNANCE

PRACTICES **SCHEDULE A**

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 1-1 - Disclosure of Corporate Governance Practices (“58 101”) and National Policy 58 201 – Corporate Governance Guidelines (“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 52 170 - Audit Committees (“52 110”), as discussed under “Audit Committee Information” on page 13.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS**COMMENTS**

1. a. Disclose the identity of all directors who are independent.	The Compensation and Corporate Governance Committee has reviewed the independence of each director as defined in 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 Compensation and Corporate Governance Committee has determined that, based on the information provided by the directors in a questionnaire and after having reviewed the role and relationships of each director, the majority of the directors nominated by management for election to the Board of Directors are independent, namely: Robert Boisjoli Hubert R. Marleau David B. Parkes Charles R. Spector
b. Disclose the identity of all directors who are not independent, and describe the basis for that determination.	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: Daniel Piergentili, President and Chief Executive Officer Jeffrey A. Mandel, Executive Chairman of the Board
c. Disclose whether or not a majority of the directors are independent.	The majority, i.e. 4 of the 6 directors nominated by management for election to the Board of Directors, are independent
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.	The following Directors are presently directors of other issuers that are reporting issuers: Robert Boisjoli Aptilon Corporation Hubert R. Marleau Buzz Telecom (previously known as Knowlton Capital Inc.) CanAlaska Ventures Ltd. Freegold Ventures Limited Gobimin Inc. Huntington Exploration Inc. MCO Capital Inc. Maudore Minerals Ltd. Niocan Inc. Sofame Inc. Uni-Select Inc. Warnex Inc. David B. Parkes Envoy Capital Group Inc.
e. Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in 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.	The independent directors systematically hold meetings at which members of management are not in attendance. The CEO and CFO are regularly asked to participate in the Board meetings.
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 are separate. The directors have chosen Jeffrey A. Mandel to act as Chairman of the Board of Directors. Mr. Mandel is no longer considered independent as, effective August 1, 2009, he has taken on the role of Executive Chairman of the Corporation.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS**COMMENTS**

<p>g. Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed fiscal year.</p>	<p>The attendance record of each director for the Board meetings held from May 1, 2008 to the date of this circular is as follows:</p> <table border="0"> <tr> <td>Robert Boisjoli</td> <td>19 of 20 meetings</td> </tr> <tr> <td>Jeffrey A. Mandel</td> <td>19 of 20 meetings</td> </tr> <tr> <td>Hubert R. Marleau</td> <td>18 of 20 meetings</td> </tr> <tr> <td>David B. Parkes</td> <td>20 of 20 meetings</td> </tr> <tr> <td>Daniel Piergentili</td> <td>18 of 20 meetings</td> </tr> <tr> <td>Robert Rector ⁽¹⁾</td> <td>3 of 8 meetings</td> </tr> <tr> <td>Charles R. Spector</td> <td>19 of 20 meetings</td> </tr> </table> <p>⁽¹⁾ Resigned from the Board of Directors, effective October 16, 2008.</p>	Robert Boisjoli	19 of 20 meetings	Jeffrey A. Mandel	19 of 20 meetings	Hubert R. Marleau	18 of 20 meetings	David B. Parkes	20 of 20 meetings	Daniel Piergentili	18 of 20 meetings	Robert Rector ⁽¹⁾	3 of 8 meetings	Charles R. Spector	19 of 20 meetings
Robert Boisjoli	19 of 20 meetings														
Jeffrey A. Mandel	19 of 20 meetings														
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David B. Parkes	20 of 20 meetings														
Daniel Piergentili	18 of 20 meetings														
Robert Rector ⁽¹⁾	3 of 8 meetings														
Charles R. Spector	19 of 20 meetings														
<p>2. a. 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.</p>	<p>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 Management Proxy Circular.</p>														
<p>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.</p>	<p>The Board of Directors has not adopted written position descriptions for the chairman of the Board and chair of each Board Committee. This issue will be the subject of further discussion by the Board in the current fiscal year.</p>														
<p>b. Disclose whether or not the board has developed a written position description for the chief executive officer.</p>	<p>The Board of Directors has not adopted written position descriptions for the Chief Executive Officer. This issue will be the subject of further discussion by the Board in the current fiscal year.</p>														
<p>4. a. Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none"> i. the role of the board, its committees and its directors, and ii. the nature and operation of the issuer's business. 	<p>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.</p> <p>In addition, new Directors meet individually with members of the senior management team.</p>														
<p>b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors.</p>	<p>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.</p>														
<p>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:</p> <ul style="list-style-type: none"> i. disclose how a person or Corporation may obtain a copy of the code; 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; 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 	<p>The Board has adopted a code of conduct for the directors, officers and employees.</p> <p>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.</p> <p>The Board of Directors regularly monitors compliance with the code of conduct and also ensures that management fosters a culture of ethical behaviour.</p> <p>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.</p>														
<p>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.</p>	<p>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.</p>														
<p>6. a. Describe the process by which the board identifies new candidates for board nomination.</p>	<p>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</p>														

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS**COMMENTS**

b. Disclose whether or not the board has a nominating committee composed entirely of independent directors	The Compensation and Corporate Governance Committee is composed exclusively of independent directors
c. If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Compensation and Corporate Governance Committee is responsible for proposing new candidates for the Board when vacancies arise. 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 buy and sell side 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 reports to the Board on its progress and on any specific developments in any identified opportunities.
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.	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. Board members are asked to complete an annual questionnaire to ensure that the Corporation has all relevant current information regarding such directors.

MANDATE OF THE BOARD OF DIRECTORS

SCHEDULE B

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 Chair shall be an independent director. 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;
- overseeing the performance of the Corporation’s internal audit functions;
- 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 internal control and 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.

TEXT OF THE SPECIAL RESOLUTION TO BE PASSED AT THE MEETING

SCHEDULE C

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, 2010, 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 (1) new Common Share for every sixty (60) 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 of a group comprised of the directors and officers of the Corporation be and is hereby authorized to execute and deliver the Articles of Amendment and to execute or cause to be executed on behalf of the Corporation, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, to file with regulatory authorities or otherwise and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable to implement this special resolution and the matters hereby authorized, such determination to be conclusively evidenced by the execution and delivery of such document or instrument and the taking of such action; and
- 5.** Notwithstanding this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be and are hereby authorized to revoke this special resolution before it is acted on without further approval, ratification or confirmation of the Corporation’s shareholders.”



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