



NOTICE AND MANAGEMENT INFORMATION CIRCULAR

**For the Annual and Special Meeting
of Shareholders to be held at:**

Intrinsyc Software International, Inc.
700 West Pender Street, 14th Floor
Vancouver, British Columbia
on Thursday, June 4, 2009
at 10:00 a.m. (Pacific time)

**This booklet contains
important information
for Shareholders**



April 27, 2009

Dear fellow shareholder,

It is my pleasure to invite you to attend the Annual and Special Meeting of Shareholders of Intrinsic Software International, Inc. for the fiscal year ended December 31, 2008. The meeting will be held on Thursday, June 4, 2009 at 10:00 a.m. (Vancouver time) at Intrinsic's office located at 700 West Pender Street, 14th Floor, in Vancouver, British Columbia.

The items of business to be considered at the meeting are described in the attached Notice of Annual and Special Meeting and Management Information Circular. During the meeting, we will also review Intrinsic's business during fiscal 2008 and our plans for the future. You will have the opportunity to ask questions and to meet your directors and executives.

Your participation at the shareholders' meeting is very important. Accordingly, whether or not you plan to attend, we encourage you to vote by following the voting instructions included on the enclosed form of proxy.

We look forward to seeing you at the meeting.

Sincerely,

A handwritten signature in black ink that reads "Tracy Rees". The signature is fluid and cursive, with a long horizontal stroke at the end.

TRACY REES
Interim Chief Executive Officer
Intrinsic Software International, Inc.

INTRINSYC SOFTWARE INTERNATIONAL, INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Board of Directors of Intrinsic Software International, Inc. (the “**Corporation**”) has called an Annual and Special Meeting of Shareholders on **Thursday, June 4, 2009 at 10:00 a.m.** (Pacific time) (the “**Meeting**”) to be held at the Corporation’s office, 700 West Pender Street, 14th Floor, Vancouver, British Columbia.

As a shareholder of record at the close of business on April 23, 2009, you are entitled to attend the Meeting and to cast one vote for each common share that you own. If you are a registered Shareholder and are unable to attend the Meeting, you will still be able to vote by completing the proxy form included with the Management Information Circular (the “**Circular**”). The Circular explains how to complete the proxy form and how the voting process works. **In order to vote at the Meeting, registered Shareholders must submit the proxy form to the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”) at its Toronto offices no later than 10:00 a.m. (Vancouver time)/1:00 p.m. (Toronto time) on Tuesday, June 2, 2009.**

If you are a non-registered beneficial Shareholder, a proxy form will not usually be included with the Circular; instead, a voting information form (also known as a VIF) is usually enclosed. You must follow the instructions provided by your intermediary in order to vote your shares.

The following business will be conducted at the Meeting:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2008 and the report of the auditors thereon;
2. to re-appoint Ernst & Young LLP as auditors of the Corporation for the coming year and to authorize the Board of Directors to fix the auditors’ remuneration;
3. to elect the directors of the Corporation for the ensuing year;
4. to consider and approve, by ordinary resolution, the confirmation of the Corporation’s amended and restated shareholder rights plan; and
5. to transact such other business as may properly come before the Meeting.

DATED at Vancouver, British Columbia, this 27th day of April, 2009.

BY ORDER OF THE BOARD OF DIRECTORS



Tracy Rees
Interim Chief Executive Officer
Intrinsic Software International, Inc.

**INTRINSYC SOFTWARE INTERNATIONAL, INC.
MANAGEMENT INFORMATION CIRCULAR**

All information in this Management Information Circular (“**Circular**”) is current as of April 23, 2009 and all currency amounts are expressed in U.S. dollars, unless otherwise indicated, and where used herein the terms “Corporation” and “Intrinsyc” refer to Intrinsyc Software International, Inc. unless otherwise indicated or the context otherwise requires.

This Circular is being sent by the management of the Corporation to the common shareholders (the “**Shareholders**”) of INTRINSYC SOFTWARE INTERNATIONAL, INC. in connection with the solicitation of proxies to be voted at the Annual and Special Meeting of the Shareholders to be held on Thursday, June 4, 2009 (the “**Meeting**”) and at any adjournment thereof, at the time and place and for the purposes set out in the Notice of Meeting.

The Circular’s purpose is:

- to explain how you, as a Shareholder of the Corporation, can vote at the Meeting, whether in person or by transferring your vote to someone else to vote on your behalf;
- to request that you authorize the Corporation’s Chairman (or his alternate) to vote on your behalf in accordance with your instructions set out on the proxy form;
- to inform you about the business to be conducted at the Meeting; and
- to give you important background information to assist you in deciding how to vote.

VOTING INFORMATION

Solicitation of Proxies

Your vote is being solicited by the management of the Corporation.

The Corporation expects that the solicitation will be primarily by mail, but also may include telephone, e-mail, fax or oral solicitations. If the Corporation does not receive your proxy by a certain time, you may receive a telephone call asking you to vote. The cost of soliciting proxies for the meeting is borne entirely by the Corporation.

If you have any questions about this Circular or how to vote, please contact the Corporation’s Corporate Secretary at +1 (604) 801-6461.

Voting and Appointment of Proxy

Your rights to attend and vote at the Meeting depend on whether you are a **registered Shareholder** (that is, the shares of the Corporation are actually registered in your name) or a **non-registered beneficial Shareholder** (for example, a person who holds shares of the Corporation through a broker or a bank).

Registered Shareholders

If you are a registered Shareholder, you may attend the Meeting in person. You may also appoint someone (known as a proxyholder) to represent you at the Meeting and vote on your behalf. If you complete and submit the proxy form without alteration, then you will have appointed the Corporation’s Chairman (or his alternate) to attend the Meeting and vote on your behalf.

You have the right to appoint a person or company to represent you at the Meeting other than the persons designated in the proxy form. If you wish to appoint some other person or company to represent you at the

Meeting, you may do so by striking out the names of the persons designated in the proxy form and inserting the name of the person or company to be appointed in the blank space provided and signing the proxy form.

If you wish to vote at the Meeting by proxy, you must either: (a) complete the proxy form and return it to the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), or (b) follow the instructions in the proxy form to vote by telephone or on the Internet. In order to be valid, the telephone or Internet voting must be completed or the proxy form must be received by Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 10:00 a.m. (Vancouver time)/1:00 p.m. (Toronto time) on Tuesday, June 2, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays) before the time of such reconvened meeting. The deadline for the deposit of proxies may be waived by the Chairman of the Meeting at the Chairman's discretion without notice.

Even if you give a proxy, as a registered Shareholder, you may still attend and vote in person at the Meeting.

Revoking your Proxy

A proxy is revocable. If you have given a proxy, you (or your attorney authorized in writing) may revoke the proxy by giving notice of the revocation in writing to Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), at any time up to and including the last business day before the Meeting or to the Chairman of the Meeting before any vote in respect of which the proxy is given.

The notice of the revocation must be signed as follows: (a) if you are an individual, then the notice must be signed by you or your legal personal representative or trustee in bankruptcy, and (b) if you are a corporation, then the notice must be signed by the corporation or by a representative appointed for the corporation in accordance with the articles of the corporation.

Non-registered Beneficial Shareholders

If your common shares are not registered in your own name, then they are being held in the name of an intermediary (which is usually a trust company, a securities dealer or broker, a bank or another financial institution) or in the name of a clearing agency such as the Canadian Depository for Securities Limited. You are usually called either a non-registered or a beneficial Shareholder or owner. These shareholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

There are various procedures for voting your shares, and these procedures may vary among intermediaries and clearing agencies in ways over which the Corporation has no control. If you are a beneficial Shareholder, you should carefully follow the instructions of the intermediary or clearing agency, including instructions regarding when and where any voting instruction form or proxy form is to be delivered.

Typically, you will receive one of the following:

1. **A COMPUTERSHARE VOTING INSTRUCTION FORM.** This is a form also known as a VIF. If you receive a VIF and wish to vote at the Meeting, you must either: (a) complete the VIF and return it to Computershare, or (b) follow the instructions in the VIF to vote by telephone or on the Internet. The telephone or Internet voting should be completed or the VIF should be received by Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 10:00 a.m. (Vancouver time)/1:00 p.m. (Toronto time) on Tuesday, June 2, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays)

before the time of such reconvened meeting. If you wish also to attend the Meeting in person and vote (or have another person attend and vote on your behalf), you must follow the instructions in the VIF. Unless you follow these instructions you may not be permitted to attend the Meeting in person.

2. **A FACSIMILE SIGNED PROXY.** This is a proxy that has been signed by the intermediary (typically by a facsimile, stamped signature) and already indicates the number of common shares you beneficially own but that is otherwise uncompleted. You do not need to sign this form. If you receive a facsimile signed proxy and you wish to vote at the Meeting, you must properly complete the proxy and deposit it with Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax at +1 (866) 249-7775 (toll free in Canada and the United States) or +1 (416) 263-9524 (outside Canada and the United States), no later than 10:00 a.m. (Vancouver time)/1:00 p.m. (Toronto time) on Tuesday, June 2, 2009, or in the case of any adjournment or postponement of the Meeting, no later than 48 hours (excluding Saturdays and holidays) before the time of such reconvened meeting. If you wish also to attend the Meeting in person and vote (or have another person attend and vote on your behalf), simply strike out the names of the persons indicated in the proxy form and insert your (or such other person's) name in the blank space provided.
3. **A BROADRIDGE VOTING INSTRUCTION FORM.** This voting instruction form is provided by Broadridge in accordance with arrangements often made by brokers to delegate the responsibility for obtaining voting instructions to Broadridge. If you receive a Broadridge voting instruction form and wish to vote at the Meeting, you must return the Broadridge voting instruction form to Broadridge or follow the instructions on the form for telephone voting. Broadridge will tabulate the results and then provide instructions to Computershare respecting the voting of shares to be represented at the Meeting. You must return the voting instruction form to Broadridge or give the telephone voting instructions well in advance of the Meeting in order to have your shares voted. If you wish also to attend the Meeting in person and vote (or have another person attend and vote on your behalf), simply strike out the names of the persons indicated in the voting instruction form and insert your (or such other person's) name in the blank space provided.

If you have any questions about this Circular or how to vote, please contact the Corporation's Corporate Secretary at +1 (604) 801-6461.

Revoking your proxy

A non-registered holder may revoke a proxy or voting instruction form which has been given to an intermediary by written notice to the intermediary. In order to ensure that an intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the intermediary well in advance of the Meeting.

Provisions Relating to Voting of Proxies

Voting By Show of Hands

Voting at the Meeting generally will be by a show of hands, with each Shareholder or proxyholder present in person being entitled to one vote.

Voting By Poll

Voting at the Meeting will be by poll only if a poll is:

- (a) requested by a Shareholder present at the Meeting in person or by proxy;
- (b) directed by the Chairman; or
- (c) required by law.

On a poll, each Shareholder and each proxyholder will have one vote for each common share held or represented by proxy.

Approval of Resolutions

To approve a motion for an ordinary resolution, a simple majority of the votes cast in person or by proxy will be required.

Exercise of Discretion by Proxyholders

A Shareholder may indicate the manner in which the persons named in the accompanying form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy.**

If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the accompanying form of proxy. It is intended that the proxyholder named by management in the accompanying form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Corporation's Board of Directors for directors and auditor.

The accompanying form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Circular, management of the Corporation is not aware of any such amendments or variations, or any other matters, that will be presented for action at the Meeting other than those referred to in the accompanying Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.

Voting Shares and Principal Holders Thereof

The Board of Directors of the Corporation has fixed April 23, 2009 as the record date for determining which Shareholders are entitled to vote at the Meeting. On April 23, 2009, the Corporation had 163,254,903 issued and outstanding common shares. Each share carries one right to one vote.

To the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, common shares carrying more than 10% of the voting rights attached to the Corporation's issued and outstanding common shares, as at the date hereof.

ANNUAL BUSINESS TO BE CONDUCTED AT THE MEETING

Presentation of Financial Statements

The audited financial statements of the Corporation for the fiscal year ended December 31, 2008, together with the report of the auditors thereon, will be placed before the Meeting. A copy of the Corporation's financial statements and Management's Discussion and Analysis may be obtained from the Corporation, at 10th floor, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, attention: Corporate Secretary.

Appointment of Auditors

Shareholders will be asked to vote for an ordinary resolution (in substantially the form set out below) to re-appoint Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia, as auditors of the Corporation until the end of the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration. Ernst & Young LLP were first appointed as auditors of the Corporation at the annual general meeting of the Shareholders held on December 11, 2003. KPMG LLP, Chartered Accountants, acted as auditors prior to the appointment of Ernst & Young LLP.

“BE IT RESOLVED as an ordinary resolution that:

1. Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia, be, and is hereby, reappointed as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders at the remuneration to be fixed by the Board of Directors of the Corporation; and
2. Any officer or director of the Corporation is authorized and directed to do all things and execute all instruments and documents necessary or desirable to carry out the forgoing.”

The Board of Directors unanimously recommends that Shareholders vote IN FAVOUR of the above resolution at the Meeting. To be effective, the above resolution must be approved by a majority of the votes properly cast thereon by holders of the Corporation’s common shares present in person or represented by proxy at the Meeting. **Proxies received in favour of management will be voted IN FAVOUR of the re-appointment of Ernst & Young LLP, Chartered Accountants, as auditors of the Corporation until the end of the next annual meeting of the Shareholders and the authorization of the directors to fix their remuneration, unless a Shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect thereof.**

Election of Directors

The Articles of the Corporation provide that the minimum number of directors shall be one and the maximum number shall be ten. The number of directors presently in office is six. The Board of Directors has set the number of directors to be elected at the Meeting at five.

At the Meeting, Shareholders will be called upon to elect five directors by ordinary resolution (in substantially the form set out below). The persons named below are the nominees of management for election as directors. Each director elected will hold office until his or her successor is elected or appointed, unless his or her office is earlier vacated under any of the relevant provisions of the by-laws of the Corporation or the *Canada Business Corporations Act*.

The following table sets out the name of each of the persons proposed to be nominated for election as a director and the name of each of the persons whose term of office, if elected, shall continue after the Meeting; all positions and offices in the Corporation presently held by that person; that person’s principal occupation at present; the period(s) during which that person has served as a director; and the number of securities of the Corporation that such person has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised. The additional biographical information following the table sets out each person’s principal occupation within the five preceding years.

Nominees for Election to the Board of Directors

Name and residence	Position with the Corporation	Principal occupation ⁽⁵⁾	Director since	Securities owned or controlled ⁽⁴⁾
Thomas Bitove ⁽²⁾⁽³⁾ Ontario, Canada	Director	Corporate Director	December 2005	619,300 common shares 175,000 stock options
George A. Duguay ⁽¹⁾⁽²⁾ Ontario, Canada	Director	President of G. Duguay Services Inc.	April 2003	406,375 common shares 175,000 stock options 20,000 warrants
Robert J. Gayton ⁽¹⁾⁽³⁾ British Columbia, Canada	Director	Corporate Director	February 1995	55,000 common shares 125,000 stock options
Ketan Kamdar ⁽³⁾ California, USA	Director	VP Mobile and Wireless, Broadcom Corporation	October 2007	0 common shares 128,125 stock options
Philip R. Ladouceur ⁽¹⁾⁽³⁾ Ontario, Canada	Chairman & Director	President and Managing Director of Mardale Investments Ltd.	January 2008	0 common shares 125,000 stock options

Notes:

- (1) Member, Audit Committee.
- (2) Member, Compensation Committee.
- (3) Member, Corporate Governance and Nominating Committee.
- (4) This information has been furnished by the respective individuals as at April 23, 2009.
- (5) The information as to principal occupation is not within the knowledge of management of the Corporation and has been furnished by the respective nominees.

Background of the Nominees

Set forth below is a brief profile of each of the nominees for election as a director of the Corporation. Other than as set forth below, each nominee has held the same principal occupation for the last five years.

Thomas Bitove, O. Ont., has a successful history of leadership in several corporate sectors, including the retail technology, hospitality and foodservices industries. Currently, Mr. Bitove serves as Executive Chairman of AMJ Campbell Van Lines and AMJ Self Storage. Mr. Bitove also serves as Chairman of Wireless Airtime Direct Inc., which owns a patented, low-cost process which allows ATM bank machines to become point-of-sale terminals. Mr. Bitove is also Chairman of Powerbev Inc., the exclusive distributor of Red Bull Energy Drink in Ontario, Canada and one of the largest Red Bull distributors in North America. Prior to these ventures, between 1989 and 2002, Mr. Bitove was CEO of Lettuce Serview LP, one of Canada's largest foodservice companies operating facilities at Toronto's Lester B. Pearson International Airport, Toronto's SkyDome, Travel Centers along Ontario's superhighway system, and one of Canada's largest offsite catering operations. Mr. Bitove also serves as the Managing Partner of the Wayne Gretzky's Restaurant located in downtown Toronto. Mr. Bitove has a BA in economics from the University of Western Ontario.

Mr. Bitove is not a director of any public companies other than Intrinsic. Mr. Bitove attended 8 meetings or 100% of eligible meetings of the Board of Directors held between January 1, 2008 and December 31, 2008.

George A. Duguay is a senior executive with experience in the technology, financial services and resource industries. Since 1988, he has been the President of G. Duguay Services Inc, a partner of Duguay & Ringler Corporate Services until February 2006, a provider of corporate and financial administrative services to public companies. G. Duguay Services Inc. continues to act as a consultant in this area. In addition, Mr. Duguay was a founder of Equity Transfer & Trust Company, a provider of transfer agency and corporate trust services. He is presently Corporate Secretary of three public companies. During the period May 1993 to December 2004, Mr. Duguay served as a Director of Genesis Microchip Inc., the world's leading supplier of display image processors listed on NASDAQ. Mr. Duguay is a Certified General Accountant and an associate of the Institute of Chartered Secretaries.

Mr. Duguay has been, since June 2007, a director of GA Capital Corp., which became a reporting issuer on October 11, 2007. Mr. Duguay attended 8 meetings or 100% of eligible meetings of the Board of Directors of the Corporation held between January 1, 2008 and December 31, 2008.

Robert J. Gayton, Ph.D, FCA, holds a doctorate in Business from the University of California at Berkeley and was a former partner at Peat Marwick Mitchell. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987.

Dr. Gayton currently serves as a director of eight public companies other than Intrinsic. Dr. Gayton attended 7 meetings or 87.5% of eligible meetings of the Board of Directors held between January 1, 2008 and December 31, 2008.

Ketan Kamdar has more than fifteen years of experience in the development, integration, and operations of wireless solutions in the wireless device, telecommunications infrastructure, wireless application, and semiconductor industries. He joined Broadcom in April 2005 and currently serves as a Vice President with global responsibility for Strategic Business Development with OEMs and ODMs, as well as interfacing worldwide with network operators, representing the Mobile Platforms and Wireless Connectivity Groups. Prior to Broadcom, he held several senior engineering and operational roles at AT&T Wireless/Cingular Wireless, most recently as the Vice President of the Device Development Group where he had corporate responsibility for directing, defining and commercializing mobile phones. Mr. Kamdar holds a Masters Degree in Electrical Engineering from Virginia Polytechnic Institute and State University, and earned his Bachelors Degree in Electronics and Telecommunications Engineering from Bombay University.

Mr. Kamdar is not a director of any public companies other than Intrinsic. Mr. Kamdar attended 8 meetings or 100% of eligible meetings of the Board of Directors held between January 1, 2008 and December 31, 2008.

Philip R. Ladouceur is the Chairman of the Board of Directors of the Corporation. Mr. Ladouceur has raised in excess of \$10 billion of equity and debt funding, and he has created billions of dollars in shareholder value from the sale of telecom and technology companies to global leaders such as AT&T and IBM. Currently, Mr. Ladouceur is President and Managing Director of Mardale Investments Ltd. Mr. Ladouceur was the Executive Chairman, Chief Executive Officer and Director of FutureLink Corp. from June 1999 to May 2001. In his past role as CEO, President, and Chairman of MetroNet Communications Inc., Mr. Ladouceur completed in excess of \$2 billion in private and public financings, including the company's successful IPO. Mr. Ladouceur also initiated the sale of MetroNet to AT&T Corp. in 1999 for \$5 billion. Mr. Ladouceur served as CFO and Director of Rogers Communications Inc. (TSE: RCL.a), one of the largest cable, cellular and broadcasting companies in North America. While at Rogers, Mr. Ladouceur was responsible for the completion of more than \$3 billion in public and private financings. In addition, Mr. Ladouceur was the founding CEO of ISM Information Systems, which was subsequently acquired by IBM Global Services. He has also served in chief executive roles with SpotWave Wireless and Datawire Communication Networks. Mr. Ladouceur is past Chairman of the Competitive Telecommunications Association of Canada.

Mr. Ladouceur is not a director of any public companies other than Intrinsic. Mr. Ladouceur attended 8 meetings or 100% of eligible meetings of the Board of Directors held between January 1, 2008 and December 31, 2008.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed in this Circular and below, none of the persons proposed as directors of the Corporation:

- (a) is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order, or an order that denied the other issuer relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days,
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of the cease trade or similar order or an

order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, or

- (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the such person.

Robert J. Gayton was director and officer of Newcoast Silver Mines Ltd. at the date of a Cease Trade Order issued by the British Columbia Securities Commission on September 30, 2003 and by the Alberta Securities Commission on October 31, 2003 for failure to file financial statements. The orders were revoked on October 23, 2003 and March 25, 2004, respectively.

While management does not contemplate that any of the nominees will be unable to serve as a director, if, prior to the Meeting, any vacancies occur in the state of such nominees for any reason, the management representatives designated in the form of proxy solicited in respect of the Meeting shall have the discretionary authority to vote for the election of any other person or persons as directors.

Text of Resolution

“BE IT RESOLVED as an ordinary resolution that:

1. Each of Thomas Bitove, George A. Duguay, Robert J. Gayton, Ketan Kamdar and Philip R. Ladouceur be re-elected as directors of the Corporation to hold office until the close of the next annual meeting of the Shareholders.”

The Board of Directors unanimously recommends that Shareholders vote IN FAVOUR of the above resolution at the Meeting. To be effective, the above resolution must be approved by a majority of the votes properly cast thereon by holders of common shares present in person or represented by proxy at the Meeting. **Proxies received in favour of management will be voted IN FAVOUR of the re-election of the directors to hold office until the close of the next annual meeting of Shareholders, unless a Shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect thereof.**

SPECIAL BUSINESS TO BE CONDUCTED AT THE MEETING

Amended and Restated Shareholder Rights Plan

Background

At the Meeting, Shareholders will be asked to approve and confirm the Corporation’s shareholder rights plan. The Corporation’s original shareholder rights plan was first adopted by Shareholders on December 6, 2000 (the “**Original Plan**”) and was amended and restated with the approval of Shareholders on December 13, 2006. The Original Plan, as so amended and restated, is referred to as the “**2006 Rights Plan**”. The 2006 Rights Plan is the Corporation’s current shareholder rights plan. Its continued existence must be approved and confirmed by Shareholders and Independent Shareholders (as defined therein) on or before the earlier of the Termination Time (the time at which the Rights granted under the 2006 Rights Plan will expire) and the date of the Meeting.

The Corporation has reviewed the 2006 Rights Plan for conformity with current practices of Canadian companies with respect to shareholder rights plan design. The Corporation has determined that since December 2006, when the 2006 Rights Plan was last approved by shareholders, there have been few, if any, changes in those practices. As a

result, on March 10, 2009, the Board of Directors resolved to continue the existing 2006 Rights Plan, with minimal amendments, by approving an amended and restated shareholder rights plan (the “**2009 Rights Plan**”) proposed to be dated June 4, 2009, subject to approval at the Meeting by Shareholders and by Independent Shareholders. The 2009 Rights Plan is identical to the 2006 Rights Plan in all material respects.

A summary of the key features of the 2009 Rights Plan is attached as Schedule “B” to this Circular. All capitalized terms used in this section of the Circular and in Schedule “B” have the meanings set forth in the 2009 Rights Plan, unless otherwise indicated. The complete text of the 2009 Rights Plan is available to any Shareholder on request from the Corporation at 10th Floor, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, by calling +1 (604) 801-6461, attention Corporate Secretary.

Recommendation of the Board of Directors

The Board of Directors has determined that a shareholder rights plan continues to be in the best interests of the Corporation and Shareholders. Accordingly, the Board of Directors unanimously recommends that the Shareholders vote in favour of the confirmation and approval of the 2009 Rights Plan.

The Corporation has been advised that the directors and senior officers of the Corporation intend to vote all common shares held by them in favour of confirmation and approval of the 2009 Rights Plan.

Proxies received in favour of management will be IN FAVOUR of the resolution approving and confirming the 2009 Rights Plan unless a Shareholder has specified in the proxy that his or her shares are to be voted against such resolution.

Text of Resolutions

“BE IT RESOLVED as an ordinary resolution of the Shareholders that:

1. The shareholder rights plan of the Corporation be continued and the amended and restated shareholder rights plan agreement to be made as of June 4, 2009 between the Corporation and Computershare Trust Company of Canada, be and it is hereby ratified, confirmed and approved; and
2. Any officer or director of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution.”

“BE IT RESOLVED as an ordinary resolution of the Independent Shareholders that:

1. The shareholder rights plan of the Corporation be continued and the amended and restated shareholder rights plan agreement to be made as of June 4, 2009 between the Corporation and Computershare Trust Company of Canada, be and it is hereby ratified, confirmed and approved; and
2. Any officer or director of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution.”

Vote Required

Shareholder approval and confirmation of the 2009 Rights Plan is not required by law but is required by the terms of the 2009 Rights Plan and applicable stock exchange rules. In accordance with those stock exchange rules, the foregoing resolution must be approved by: (i) a simple majority of 50% plus one vote of the votes cast by holders of Voting Shares at the Meeting, and (ii) a simple majority of 50% plus one vote of the votes cast by Independent Shareholders at the Meeting.

If the above resolution approving the 2009 Rights Plan is passed at the Meeting, then the Corporation and Computershare (the “**Rights Agent**”) will execute the 2009 Rights Plan effective as of the date the resolution is passed.

If the resolution is not passed at the Meeting, the 2006 Rights Plan will become void and of no further force and effect, all outstanding Rights will be redeemed, the 2009 Rights Plan will not be executed and the Corporation will no longer have any form of shareholder rights plan.

The Board of Directors reserves the right to alter any terms of the 2009 Rights Plan or not to proceed with the 2009 Rights Plan at any time prior to the Meeting if it determines it would be in the best interests of the Corporation and Shareholders to do so.

Background and Objectives of the 2009 Rights Plan

The Corporation is a widely-held corporation with no controlling Shareholder. The Board of Directors considered various strategies, including approval of a Rights Plan, to ensure that, in the context of a bid for control of the Corporation through an acquisition of the Corporation’s common shares, Shareholders are in a position to receive full and fair value for their shares. Of particular concern to the Board of Directors is the widely held view that existing Canadian securities legislation provides too short a response time to a corporation that is the subject of an unsolicited bid for control. An inadequate response time has been identified as an impediment to ensuring that Shareholders are offered full and fair value for their shares. Also of concern to the Board of Directors is the possibility that, under existing securities laws, the Corporation’s Shareholders could be treated unequally in the context of a bid for control. These concerns are described in more detail below.

The adoption of the 2009 Rights Plan, as with the Original Rights Plan, is not being considered in response to or in anticipation of any pending or threatened takeover bid, nor to deter takeover bids generally. As of the date of this Circular, the Board of Directors is not aware of any third party considering or preparing any proposal to acquire control of the Corporation. Rather, the objectives of the 2009 Rights Plan, as with the Original Plan, are to give adequate time for Shareholders to properly assess a bid without undue pressure, for the Board of Directors to consider value-enhancing alternatives, and to allow competing bids to emerge. In addition, the 2009 Rights Plan, as with the Original Rights Plan, have been designed to provide Shareholders with equal treatment in a bid for control of the Corporation. It is not the intention of the Board of Directors to secure the continuance in office of the existing members of the Board of Directors or to avoid an acquisition of control of the Corporation in a transaction that is fair and in the best interest of Shareholders. The rights of Shareholders under existing law to seek a change in the management of the Corporation or to influence or promote action of management in a particular manner will not be affected by the 2009 Rights Plan. The ratification, and approval of the 2009 Rights Plan does not affect the duty of the Board of Directors to act honestly and in good faith with a view to the best interest of the Corporation and the Shareholders.

In reviewing the 2009 Rights Plan, the Board of Directors considered the following concerns inherent in the existing legislative framework governing takeover bids in Canada:

- (a) *Time.* Current legislation permits a takeover bid to expire in 35 days. The Board of Directors is of the view that this is not sufficient time to permit Shareholders to consider a takeover bid and to make a reasoned and unhurried decision. The 2009 Rights Plan provides a mechanism whereby the minimum expiry period for a takeover bid must be 60 days after the date of the bid and the bid must remain open for a further period of 10 Business Days after the Offeror publicly announces that the shares deposited or tendered and not withdrawn constitute more than 50% of the Voting Shares outstanding held by Independent Shareholders (generally, Shareholders other than the Offeror or Acquiring Person, their Associates and Affiliates, the persons acting jointly or in concert with the Offeror or Acquiring Person). The 2009 Rights Plan is intended to provide Shareholders with adequate time to properly evaluate the offer and to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing Shareholder value. Those alternatives could include, if deemed appropriate by the Board of Directors, the identification of other potential bidders, the conducting of an orderly auction or the development of a corporate restructuring alternative which could enhance shareholder value.

- (b) *Pressure to Tender.* A Shareholder may feel compelled to tender to a bid which the Shareholder considers to be inadequate out of concern that failing to tender may result in the Shareholder being left with illiquid or minority discounted shares in the Corporation. This is particularly so in the case of a partial bid for less than all shares of a class, where the bidder wishes to obtain a control position but does not wish to acquire all of the Voting Shares. The 2009 Rights Plan provides a Shareholder approval mechanism in the Permitted Bid provision which is intended to ensure that a Shareholder can separate the tender decision from the approval or disapproval of a particular takeover bid. By requiring that a bid remain open for acceptance for a further 10 Business Days following public announcement that more than 50% of the Voting Shares held by Independent Shareholders have been deposited, a Shareholder's decision to accept a bid is separated from the decision to tender, lessening the undue pressure to tender typically encountered by a shareholder of a corporation that is the subject of a takeover bid.

- (c) *Unequal Treatment.* While existing securities legislation has substantially addressed many concerns of unequal treatment, there remains the possibility that control of a corporation may be acquired pursuant to a private agreement in which a small group of shareholders dispose of shares at a premium to market price, which premium is not shared with other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all Shareholders. The 2009 Rights Plan addresses these concerns by applying to all acquisitions of greater than 20% of the Voting Shares, to better ensure that Shareholders receive equal treatment.

General Impact of the 2009 Rights Plan

In the past, shareholder rights plans have been criticized by some commentators on the basis that they may serve to deter takeover bids, to entrench management, and to place in the hands of boards of directors, rather than shareholders, the decision as to whether a particular bid for acquisition of control is acceptable. Critics of some shareholder rights plans have also alleged that they cast a needlessly wide net, thereby increasing the likelihood of an inadvertent triggering of the plan, while at the same time deterring shareholders from participating in legitimate corporate governance activities.

The Board of Directors has considered these concerns, and believes that they have been largely addressed in the 2009 Rights Plan.

It is not the intention of the Board of Directors to secure the continuance of existing directors or management in office, nor to avoid a bid for control of the Corporation. For example, through the Permitted Bid mechanism, described in more detail below, Shareholders may tender to a bid which meets the Permitted Bid criteria without triggering the 2009 Rights Plan, regardless of the acceptability of the bid to the Board of Directors. Furthermore, even in the context of a bid that does not meet the Permitted Bid criteria, the Board of Directors will continue to be bound to consider fully and fairly any bid for the Corporation's common shares in any exercise of its discretion to waive application of the 2009 Rights Plan or redeem the Rights. In all such circumstances, the Board of Directors must act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders.

The 2009 Rights Plan does not preclude any Shareholder from utilizing the proxy mechanism of the *Canada Business Corporations Act* to promote a change in the management or direction of the Corporation, and has no effect on the rights of holders of outstanding voting shares of the Corporation to requisition a meeting of Shareholders, in accordance with the provisions of applicable corporate and securities legislation, or to enter into agreements with respect to voting their common shares. The definitions of "Acquiring Person" and "Beneficial Ownership" have been developed to minimize concerns that the 2009 Rights Plan may be inadvertently triggered or triggered as a result of an overly-broad aggregating of holdings of institutional shareholders and their clients.

The Board of Directors believes that the dominant effect of the 2009 Rights Plan is to enhance shareholder value, and ensure equal treatment of all Shareholders in the context of an acquisition of control.

The 2009 Rights Plan does not interfere with the day-to-day operations of the Corporation. The issuance of the Rights does not in any way alter the financial condition of the Corporation, impede its business plans or alter its

financial statements. In addition, the 2009 Rights Plan is not dilutive and has not had any effect on the trading of common shares. However, if a Flip-In Event occurs and the Rights separate from the common shares, as described in the summary below, reported earnings per share and reported cash flow per share on a fully-diluted basis may be affected. In addition, holders of Rights not exercising their Rights after a Flip-In Event may suffer substantial dilution.

Canadian Federal Income Tax Consequences

The issue of the Rights may be a taxable benefit which must be included in the income of Shareholders. However, no amount must be included in income if the Rights do not have a monetary value at the date of issue. The Corporation considers that the Rights, when issued, will have negligible monetary value, there being only a remote possibility that the Rights will ever be exercised.

Assuming that the Rights have no value, Shareholders will not be required to include any amount in income or be subject to withholding tax under the *Income Tax Act* (Canada) (the “**Tax Act**”) as a result of the issuance of the Rights. The Rights will be considered to have been acquired at no cost.

The holders of Rights may have income or be subject to withholding tax under the Tax Act if the Rights are exercised or otherwise disposed of.

This statement is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular Shareholder. Shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and applicable foreign or provincial legislation.

United States Federal Income Tax Consequences

As the possibility of the Rights becoming exercisable is both remote and speculative, the adoption of the 2009 Rights Plan will not constitute the distribution of stock or property by the Corporation to its Shareholders, an exchange of property or stock, or any other event giving rise to the realization of gross income by any Shareholder. **The holder of Rights may have taxable income if the Rights become exercisable or are exercised or sold. In the event the Rights become exercisable, Shareholders should consult their own tax advisors concerning the consequences of acquiring, holding, exercising or disposing of their Rights.**

Eligibility for Investment in Canada

The Rights are qualified investments under the Tax Act for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), and deferred profit sharing plans (“**DPSPs**”), and will not constitute foreign property of any such plan or any other taxpayer subject to Part XI of the Tax Act, provided that the common shares continue to be qualified investments that are not foreign property for such plans.

The issuance of the Rights will not affect the eligibility of the common shares on the Effective Date as investments for investors governed by certain Canadian federal and provincial legislation governing insurance companies, trust companies, loan companies and pension plans.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

All dollar amounts referred to in this Circular are in U.S. dollars unless otherwise designated.

In this Circular, a Named Executive Officer (or “**NEO**”) means each of the following individuals: (i) the Corporation’s Chief Executive Officer (the “**CEO**”); (ii) the Corporation’s Chief Financial Officer (the “**CFO**”); (iii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of fiscal 2008 whose total compensation was, individually, more than CDN\$150,000 for fiscal 2008; and (iv) each individual who would

be an NEO but for the fact that he or she was neither an executive officer of the Corporation, nor serving in a similar capacity, at the end of fiscal 2008.

The Objectives

The Corporation's compensation program for its NEOs has three objectives, namely: (i) to provide a compensation package that encourages and motivates performance; (ii) to be competitive with other companies of similar size and scope of operations, so as to attract and retain talented executives; and (iii) to align the interests of its executive officers with the long-term interests of the Corporation and its Shareholders through stock-ownership programs.

Elements of Compensation

The Corporation's executive compensation program is comprised primarily of the following elements:

- base salary;
- participation in the Corporation's stock option plan which is described in this Circular under the heading "Equity Compensation Plan Information";
- perquisites and benefits; and
- compensation under the Corporation's short-term incentive plan, namely a cash bonus, which is awarded on an annual basis.

Each element of the Corporation's compensation program is chosen to satisfy one or more of the stated compensation objectives. The Corporation's Compensation Committee regularly reviews the various elements of the Corporation's compensation program to ensure that each element is aligned with both the goals of the Corporation and the individual executive officer. The compensation program, as designed, achieves the Corporation's compensation objectives through:

- *Benchmarking.* The Compensation Committee periodically benchmarks the Corporation's executive compensation with a peer group of companies using technology industry survey data. This comparison ensures that the Corporation's executive compensation and benefits package is competitive with those found in the survey. To ensure that the survey includes the most appropriate companies, the Compensation Committee considers companies of a similar revenue size and market capitalization, that have a global focus and that compete with the Corporation for executives of similar talents and experience.
- *Providing Fixed and Variable Compensation.* The Corporation provides a mix of fixed and variable compensation (heavily weighted to variable compensation for the Named Executive Officers) designed to attract, retain and motivate top performing executives, as well as appropriately link compensation levels with the achievement of relevant financial and strategic goals. The Corporation's fixed compensation includes salary, perquisites and benefits. The Corporation's variable compensation includes participation in the Corporation's stock option plan and compensation under the short-term incentive plan.
- *Providing a Mix of Equity and Cash Incentives.* The Corporation provides a mix of equity compensation, through participation in its stock option plan, and cash incentives designed to motivate executive officers to focus on achieving performance results that lead to sustainable long-term shareholder returns.

Independent Compensation Consultant

Under its mandate, the Compensation Committee has the sole authority to select, retain and terminate a compensation consultant and to approve the consultant's fees and other retention terms. The Compensation Committee is also entitled to the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. In fiscal 2007, the Compensation Committee and Management each engaged an independent compensation consultant. In fiscal 2008, the Compensation Committee did not engage any independent consultants having regard to the Corporation's ongoing

cost reduction initiatives. The Compensation Committee does not anticipate engaging any independent consultants in fiscal 2009.

Recommendations of Management

In general, an independent compensation consultant and management develop pay strategies and recommendations for the CEO, which are provided to the Compensation Committee. The Committee and the consultant then review and discuss all matters involving the CEO's compensation. After this review, the Compensation Committee prepares its own recommendation for the Board of Directors to review and discuss. The independent members of the Board of Directors have the sole authority to approve compensation decisions made with respect to the CEO.

With respect to the Corporation's other senior management and employees, it is the CEO (with the assistance of the independent compensation consultant for senior management, where applicable) who develops the pay strategies and recommendations, which the Compensation Committee then reviews and discusses. However, the authority to approve those strategies and recommendations resides with different parties according to the employee's level. For senior management, decisions must be approved by the CEO, subject to the Compensation Committee's overall review and acceptance. For employees below the level of senior management, the CEO and his designees have the authority to approve pay actions. However, the Compensation Committee is responsible for approving actions related to other aspects of these employees' compensation, such as any grant of options and, if appropriate, the amount of any discretionary bonus pool.

The Determination of Each Element

The Compensation Committee's processes for establishing and overseeing NEO compensation include:

- *Meetings:* The Compensation Committee meets at least twice per year to consider the Corporation's executive compensation, benefit plans and policies.
- *Role of Executive Officers and Management.* Each year, the Chief Executive Officer provides the Committee with an individual performance assessment for each of the other Named Executive Officers, his or her direct reports and other executive officers, along with compensation recommendations for each group. The Committee reviews and discusses these recommendations with the Chief Executive Officer and has full discretion over all recommended compensation actions.

When determining compensation policies and individual compensation levels for the NEOs, the Compensation Committee takes into consideration a variety of factors. These factors include: (i) overall financial and operating performance of the Corporation; (ii) the Compensation Committee's and the Board of Directors' overall assessment of each executive's individual performance and contribution towards meeting corporate objectives, levels of responsibility, length of service; and (iii) industry comparables.

- *Salary:* The base salary for each NEO is determined based on his or her responsibilities, individual performance factors, overall corporate performance, and the assessment of such individual as presented by management to the Board of Directors and the Compensation Committee. The base salaries of executive officers are reviewed annually. Base salary is intended to provide the NEO with a compensation level comparable to base salaries within the applicable peer group of companies.
- *Stock Options:* NEOs benefit from improved performance of the Corporation almost entirely through their participation in the Corporation's stock option plan. The Compensation Committee may from time to time recommend the grant of stock options to the Corporation's executive officers under the Corporation's stock option plan. All grants of options are reviewed and approved by the Board of Directors. Grants of stock options are intended to emphasize the executive officers' commitment to the Corporation's growth and the enhancement of share value and to reward executive officers for the Corporation's performance through appreciation in equity values. The grant of stock options, as a key component of the executive compensation package, enables the Corporation to attract and retain qualified executives. The Compensation Committee reviews option balances annually and recommends grants to newly hired executive officers at the commencement of their initial employment. The amount and terms of outstanding

options held by an executive officer are taken into account when determining whether and how new option grants should be made to the executive. The number of common shares which may be subject to option in favour of any one individual is limited under the terms of the Corporation's stock option plan, and the limit cannot be increased without Shareholder or regulatory approval.

- *Perquisites and Benefits:* The Compensation Committee also determines industry standard perquisites for each NEO. The Corporation's perquisites are intended to provide the executive officers with a package competitive within its industry, so as to attract and retain talented executives. Executive officers also participate in the Corporation's employee health insurance benefit plans.
- *Short-term Incentive Plan:* NEOs also benefit from the improved performance of the Corporation from time to time by the receipt of cash bonuses, awarded at the discretion of the Compensation Committee based on bonus targets set in conjunction with the annual financial budget. Cash bonuses are typically paid once per year in the first quarter and reflect a performance assessment from the immediately preceding financial year.

Compensation paid to NEOs in 2008

There are no material differences in the Corporation's compensation policies with respect to any of the NEOs, with the exception of Glenda Dorchak, whose compensation included a long term incentive plan as further described below under "NEO Employment Agreements".

Each employment contract between the Corporation and an NEO sets out the parameters for that individual's short-term incentive payment entitlement, as follows:

Name and Principal Position	Incentive Target
Tracy Rees Interim Chief Executive Officer	\$100,000 USD
Glenda Dorchak Former Chairman & Chief Executive Officer	\$175,000 USD
George Reznik Chief Financial Officer & Secretary	25% of base salary (current base salary is \$207,000 CAD)
David Fischer Former Acting Chief Financial Officer	20% of base salary (base salary was \$139,000 CAD)
Mark Longo Former Vice President, Corporate Development, General Counsel & Secretary	40% of base salary (base salary was \$210,000 CAD)
Souheil Gallouzi Senior Vice President & General Manager, Mobility Products & Development	\$110,000 USD
Mark Johnston Former Executive Vice President & General Manager, Worldwide Sales, Marketing & Business Development	\$140,000 CAD

All of the NEOs who are currently employed by the Corporation received a grant of stock options in March 2009 in recognition of their performance in fiscal 2008 and as a retention tool.

Below are the specific compensation actions for each of the Corporation's NEOs in fiscal 2008. See also the "Summary Compensation Table".

Base Salaries

Base salaries for the Named Executive Officers were frozen effective December 1, 2008 based on the financial condition of Corporation.

Actual Annual Incentive

In determining the NEOs' annual incentive plan achievement for 2008, the Compensation Committee considered performance relative to the following strategic objectives that were established in conjunction with the fiscal 2008 budget:

Key Strategic Objective	Assessment
Revenue Growth	Not achieved
Gross Margin	Achieved
Soleus Releases	Not achieved
Soleus Design Wins	Achieved
Soleus Royalties	Not Achieved
Soleus Revenue Contribution	Not Achieved
Soleus Roadmap	Not Achieved
Employee Retention	Not Achieved

Based on the Corporation's financial condition, the Corporation elected to reward the Named Executive Officers with stock options rather than pay cash bonus incentives in respect of fiscal 2008.

Compensation Plan Changes for 2009

As of April 1, 2009, the NEOs who are currently employed by the Corporation voluntarily reduced their base salaries by 20% in the case of Mr. Rees, and 10% in the case of Messrs. Reznik and Gallouzi. The voluntary reduction in salaries is in effect until December 31, 2009.

The Corporation changed its 2009 Bonus plan to reward performance with a combination of cash and stock options rather than exclusively cash. The key metrics for 2009 are as follows:

Key Strategic Objective
Working Capital Preservation
Revenue
Gross Margin
EBITDA

Effective April 1, 2009, company contributions to the Corporation's RRSP and 401k plans ceased having regard to the Corporation's ongoing cost reduction initiatives.

Compensation of Named Executive Officers

The following table sets out all compensation paid, payable, awarded or granted by the Corporation for the three most recently completed financial years of the Corporation ended December 31, 2008, December 31, 2007 (four month transition period) and August 31, 2007 in respect of the Corporation's NEOs.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	Year ⁽¹⁾	Salary (US\$)	Option-based awards ⁽¹⁰⁾ (US\$)	Non-equity incentive plan compensation		All Other Compensation (US\$)	Total Compensation (US\$)
				Annual incentive plans ⁽¹¹⁾ (US\$)	Long-term Incentive Plans ⁽¹²⁾ (US\$)		
Tracy Rees ⁽²⁾ Interim Chief Executive Officer	2008	192,461	40,956	18,632	N/A	Nil	252,049
	T2007	97,000	Nil	Nil	N/A	Nil	97,000
	2007	74,000	Nil	Nil	N/A	Nil	74,000
Glenda Dorchak Former Chairman & Chief Executive Officer	2008	271,250	334,787 ⁽³⁾	169,167 ⁽¹³⁾	N/A	365,889 ⁽¹⁴⁾	1,141,093
	T2007	100,000	162,955	Nil	N/A	Nil	262,955
	2007	300,000	109,486	175,000	N/A	Nil	584,486
George Reznik ^{(4) (9)} Chief Financial Officer & Secretary	2008	146,083	186,862	Nil	N/A	24,278 ⁽¹⁵⁾	357,222
	T2007	Nil	Nil	Nil	N/A	Nil	Nil
	2007	Nil	Nil	Nil	N/A	Nil	Nil
David Fischer ^{(5) (9)} Former Acting Chief Financial Officer & Vice President, Finance	2008	102,951	9,343	Nil	N/A	25,044 ⁽¹⁶⁾	137,338
	T2007	44,048	15,643	Nil	N/A	Nil	59,692
	2007	121,704	12,861	37,310	N/A	Nil	171,875
Mark Longo ^{(6) (9)} Former Vice President, Corporate Development, General Counsel & Secretary	2008	181,175	Nil	Nil	N/A	Nil	181,175
	T2007	66,740	48,887	Nil	N/A	Nil	115,627
	2007	21,096	89,710	Nil	N/A	10,660	121,467
Souheil Gallouzi ⁽⁷⁾ Senior Vice President & General Manager, Mobile Products & Development	2008	225,000	Nil	Nil	N/A	Nil	225,000
	T2007	52,067	169,897	Nil	N/A	25,000	246,964
	2007	Nil	Nil	Nil	N/A	Nil	Nil
Mark Johnston ^{(8) (9)} Former Executive Vice President & General Manager, Worldwide Sales, Marketing & Business Development	2008	148,539	Nil	23,527	N/A	55,845 ⁽¹⁷⁾	227,911
	T2007	66,740	114,099	Nil	N/A	Nil	180,839
	2007	176,986	126,406	106,778	N/A	Nil	410,171

Notes:

- (1) T2007 = four month Transition Period ended December 31, 2007.
- (2) Mr. Tracy Rees was appointed Interim Chief Executive Officer on November 12, 2008. Prior to such appointment, Mr. Rees served as Chief Operating Officer from September 22, 2008 to November 12, 2008 and Vice President & General Manager, Global Engineering Services, prior to such date. Prior to 2008, Mr. Rees was an independent contractor with the Corporation.
- (3) Ms. Glenda Dorchak ceased to be Chairman of the Board & Chief Executive Officer of the Corporation as of November 12, 2008. All of Ms. Dorchak's stock options expired unexercised following her departure.
- (4) Mr. George Reznik joined the Corporation as Chief Financial Officer on April 15, 2008.
- (5) Mr. David Fischer ceased to be Acting Chief Financial Officer on April 15, 2008 and left the Company on October 31, 2008.
- (6) Mr. Mark Longo joined the Corporation as Vice President Corporate Development, General Counsel and Corporate Secretary on June 25, 2007. Mr. Longo resigned from the Corporation effective as of March 31, 2009.
- (7) Mr. Souheil Gallouzi joined the Corporation as Vice-President & General Manager, Product Marketing & Development on October 8, 2007.
- (8) Mr. Mark Johnston ceased to be Executive Vice President, Worldwide Sales, Marketing & Business Development as of September 22, 2008.
- (9) All compensation for Messrs. Reznik, Fischer, Longo and Johnston was paid in Canadian dollars. The amounts above were converted to U.S. dollars using the Bank of Canada's average Canadian to U.S. dollar exchange rates. The exchange rates used were as follows:

2008	1.06604
T2007	1.001101
2007	0.891027
- (10) The value of the Option-based awards was determined using the Black Scholes valuation methodology.
- (11) Represents the cash bonus awards and commissions paid to the Named Executive Officers. Bonuses earned are attributable to the noted financial year and are paid in the first quarter following the completion of the financial year. Commissions earned are based on the achievement of revenue targets.
- (12) A long-term incentive plan is a plan providing compensation intended to motivate performance over a period greater than one financial year and does not include option or stock appreciate rights plans or plans for compensation through shares or units that are subject to restrictions on resale. The Corporation did not have any LTIP in place at the end of the financial year ended December 31, 2008. Ms. Dorchak was eligible for an LTIP during fiscal 2008 that terminated without any payment being made on November 12, 2008. See "NEO Employment Agreements".

- (13) Ms. Glenda Dorchak received a cash bonus award in 2008 equal to \$169,167 USD upon termination of employment.
- (14) Ms. Glenda Dorchak received the following amounts in terms of other compensation in 2008: \$330,000 in severance and \$33,000 in lieu of accrued vacation upon termination of employment.
- (15) Mr. George Reznik received the following amounts in terms of other compensation in 2008: \$24,278 USD (\$25,000 CAD) as a signing bonus.
- (16) Mr. David Fischer received the following amounts in terms of other compensation in 2008: 19,055 USD (\$21,385 CAD) in severance upon termination of employment.
- (17) Mr. Mark Johnston received the following amounts in terms of other compensation in 2008: \$53,462 USD (\$60,000 CAD) as a lump sum payment upon termination of employment.

Incentive Plan Awards

The Corporation adopted a stock option plan (the “**Plan**”) which was approved by the Corporation’s shareholders on December 13, 2007 under the policies of the TSX.

Under the Plan, options to purchase common shares may be granted to directors, senior officers and employees of, and consultants to, the Corporation and its subsidiaries and affiliates. As at April 23, 2009, the total number of common shares reserved for issuance in connection with options granted or that may be granted under the Plan was 16,325,489, which common shares represent, in the aggregate, 10% less 1 share of the total number of outstanding common shares and the total number of common shares issuable in connection with outstanding, unexercised option grants under the Plan was 9,886,140, which common shares represented, in the aggregate, 6.1% of the total number of outstanding common shares. Of the 9,886,140 outstanding unexercised options, options to purchase 3,262,513 common shares were fully vested, with 6,623,627 remaining unvested.

The total number of common shares that may be issued to an individual participant under the Plan upon the exercise of options granted thereunder, together with any shares reserved for issuance under any employee stock purchase Plan or other Plan or securities-based compensation arrangements of the Corporation, shall not exceed, in the aggregate, 5% of the Corporation’s total number of outstanding common shares at the date of grant of such option. Grants of options to purchase common shares under the Plan or receipt of common shares pursuant to any other share compensation arrangement to insiders, taken together as a group, may not exceed 10% of the outstanding shares. In addition, within any one-year period, no insider and such insider’s associates, may receive common shares issued pursuant to all share compensation arrangements exceeding 5% of the outstanding shares.

The Plan is to be administered by the Compensation Committee. Subject to the terms of the Plan, the committee may determine, among other things, the persons to whom options may be granted, the number of options to be granted to any person, the exercise price and the schedule and dates for vesting of options granted. In no event shall the exercise price of an option be less than the closing sale price of the Corporation’s common shares on the TSX on the trading day immediately preceding the day on which such option is granted. The term of stock options granted under the Plan shall be determined by the committee, provided that in no event may the term of an option exceed ten (10) years.

Subject to any express resolution passed by the Compensation Committee, options granted under the Plan shall terminate and may not be exercised after the date on which the optionholder ceases to be a director, senior officer or employee of, or consultant to, the Corporation and its subsidiaries and affiliates; provided that, in the event that, prior to the expiry of an option in accordance with its terms, the employment of an optionholder is terminated by the Corporation for any reason other than cause, including as a result of the optionholder’s death, the optionholder (or in the case of the optionholder’s death, the legal representative of the optionholder’s estate) shall continue to have the right to exercise the option during its remaining term, in accordance with its terms and conditions. Options granted under the Plan are personal and may not be assigned by the optionholder.

The Corporation may amend or discontinue the Plan at any time, provided that no such amendment may increase the maximum number of common shares that are subject to the Plan, change the manner of determining the minimum exercise price or, without the optionholder’s consent, alter or impair any option previously granted (other than changes to take into account share splits, consolidations, share reclassifications, stock dividends and other relevant changes in the Corporation’s capitalization). Subject to regulatory approval, the Board of Directors may amend the terms and conditions of any outstanding option, provided that any repricing of options shall remain subject to shareholder approval.

The Corporation may, in its sole discretion, make loans or provide guarantees for loans by financial institutions to assist participants to purchase common shares upon the exercise of the options so granted. The practice of the Corporation is not to make any such loans or guarantees and there are no such loans or guarantees currently outstanding. In the event of, among other things, an amalgamation, arrangement or take-over bid affecting the Corporation, the Board of Directors of the Corporation will make an equitable adjustment to any options then outstanding and in the exercise price in respect of such options.

Outstanding Option-Based Awards

The following table sets out, for each NEO, information concerning all option-based awards outstanding as of December 31, 2008. This includes awards granted before the end of the financial year ended December 31, 2008.

OPTION-BASED AWARDS OUTSTANDING AS AT DECEMBER 31, 2008				
Name of Named Executive Officer	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (CAD\$)
Tracy Rees	300,000	\$0.06	December 4, 2013	\$3,000
	50,000	\$0.80	March 28, 2013	Nil
Glenda Dorchak ⁽²⁾	0	N/A	N/A	Nil
George Reznik	400,000	\$0.64	May 23, 2013	Nil
David Fischer ⁽²⁾	0	N/A	N/A	Nil
Mark Longo	250,000	\$0.65	June 25, 2012	Nil
	75,000	\$0.92	December 14, 2012	Nil
Souheil Gallouzi	300,000	\$0.75	November 16, 2012	Nil
	25,000	\$0.92	December 14, 2012	Nil
Mark Johnston	300,000	\$0.39	November 2, 2011	Nil
	175,000	\$0.92	December 14, 2012	Nil
	150,000	\$0.65	June 18, 2012	Nil
	25,000	\$0.70	June 8, 2012	Nil

Notes:

- (1) Based on the closing market price of the Corporation's common shares on the TSX on December 31, 2008 of \$0.07 CAD.
- (2) Ms. Dorchak and Mr. Fischer were not employed by the Corporation as of December 31, 2008.

Value Vested or Earned During the Year

The following table sets out for each NEO, information concerning the value of incentive plan awards - option-based as well as non-equity incentive plan compensation - vested or earned during the financial year ended December 31, 2008.

INCENTIVE AWARD PLAN - VALUE VESTED OR EARNED DURING FINANCIAL YEAR ENDED DECEMBER 31, 2008		
Name of Named Executive Officer	Option-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (US\$)
Tracy Rees	Nil	18,632
Glenda Dorchak	213,988	169,167
George Reznik ⁽¹⁾	Nil	Nil
David Fischer ⁽¹⁾	8,421	Nil
Mark Longo ⁽¹⁾	71,016	Nil
Souheil Gallouzi	60,304	Nil
Mark Johnston ⁽¹⁾	148,373	23,527

Notes:

- (1) All option-based awards and compensation for Messrs. Reznik, Fischer, Longo and Johnston were calculated in Canadian dollars. The amounts above were converted to U.S. dollars using the average Bank of Canada's Canadian to U.S. dollar exchange rate for 2008 of 1.06604.

Equity Compensation Plan Information

The following table sets out information concerning the number and price of securities to be issued under equity compensation plans to employees and others.

Plan Category	Number of Securities to be Issued upon Exercise of Options, Warrants and Rights (as at December 31, 2008) (a)	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights (as at December 31, 2008) (CAD\$) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in (a)) (as at December 31, 2008) (c)
Equity Compensation Plans Approved by Securityholders	6,739,133	\$0.70	9,461,357
Equity Compensation Plans Not Approved by Securityholders	Nil	Nil	Nil
Total	6,739,133	\$0.70	9,461,357

As of April 23, 2009, the Corporation had 9,886,140 options issued and outstanding under the Plan.

Pension Plan Benefits

The Corporation does not have defined benefit or defined contribution plans in place, whether determined primarily by final compensation and years of service or not.

Termination and Change of Control Benefits

NEO Employment Agreements

Intrinsyc Software (USA), Inc. entered into an “at will” employment agreement with Tracy Rees made effective September 22, 2008 pursuant to which he served as the Corporation’s Chief Operating Officer. Upon Glenda Dorchak’s departure as of November 12, 2008, Mr. Rees was appointed to the position of Interim Chief Executive Officer. Mr. Rees currently receives an annual base salary of \$180,000 USD (increased from \$180,000 USD to \$225,000 USD effective September 22, 2008 and reduced to \$180,000 effective April 1, 2009) and is also entitled to receive a performance bonus of up to \$100,000 USD (increased from \$25,000 USD effective September 22, 2008) based on the achievement of specific objectives. If Mr. Rees’ employment is terminated without cause, the Corporation will pay him 6 month’s base salary, plus 2 month’s base salary per year of service prorated for partial years, to a maximum of 12 months of his base annual salary, in lieu of notice of termination of employment. Prior to 2008, Mr. Rees was an independent contractor providing services to the Corporation. In the event of a “change of control” of the Corporation (as that term is defined in the Corporation’s stock option plan), all of Mr. Rees’ stock options will automatically vest and become exercisable in accordance with the terms of Corporation’s stock option plan.

Intrinsyc Software (USA), Inc. entered into an “at will” employment agreement with Glenda Dorchak made effective March 17, 2008 pursuant to which she served as the Corporation’s Chief Executive Officer and Chairman of the Board of Directors prior to her departure as of November 12, 2008. This agreement was to expire on December 31, 2010, but could be renewed annually thereafter. Under this agreement Ms. Dorchak’s annual base salary remained at \$300,000 USD through July 31, 2008. Effective August 1, 2008, her annual base salary increased to \$330,000 USD. The agreement also provided for an increase in annual base salary at the discretion of the Board of Directors effective August 1, 2009 and August 1, 2010, which amount shall be no less than 6% per annum. She remained eligible for a bonus of up to \$175,000 USD for the period of September 1, 2007 to December 31, 2008, and thereafter was eligible for a performance bonus of up to \$200,000 USD for the period of January 1 to December 31, 2009. The payment of any performance bonus remained dependent upon Ms. Dorchak achieving objective performance standards mutually agreed between her and the Corporation’s Board of Directors. Under her employment agreement, Ms. Dorchak was entitled, subject to Board of Directors’ approval, to be granted at least 250,000 options to purchase common shares of the Corporation under the Corporation’s current stock option plan in each of 2008, 2009 and 2010. She was also entitled to be granted a long term incentive option to purchase 1,500,000 common shares in the capital of the Corporation (a third of which if exercised would be required to be held for no less than one year) at an exercise price of \$1.80 per share provided the Corporation achieved specific performance in market capitalization growth (the “**Long Term Incentive Option**”). In addition, Ms. Dorchak was eligible for a one-time long term incentive bonus ranging from \$2,750,000 to \$3,500,000 which was tied to the market capitalization growth of the Corporation and paid in cash of which 25% must have been invested in shares of the Corporation and held for no less than one year (the “**Long Term Incentive Bonus**”). If her employment was terminated without cause (including termination resulting from a change of terms of employment inconsistent with her status as CEO of the Corporation), she was eligible to receive one-year of salary plus benefits as severance, 100% of her outstanding unvested stock options (other than her long term incentive option) would immediately vest and, if her employment was terminated prior to December 31, 2009 and the market capitalization growth goals were achieved, she also would have received 50% of her long term incentive bonus and 50% of her long term incentive option would have immediately vested. If a change of control occurred and Ms. Dorchak’s employment was terminated in the 3 month period prior to or 12 months after the change of control, she would have received two times her current annual base salary plus benefits for 12 months as severance, and all her outstanding unvested stock options (other than her long term incentive option) would have immediately vested and provided certain financial goals were achieved in the acquisition she will also would have received 100% of her long term incentive bonus and 100% of her long term incentive option would have immediately vested. Ms. Dorchak’s employment terminated on November 12, 2008. See the “Summary Compensation Table” for amounts paid to Ms. Dorchak upon the termination of her employment. All of Ms. Dorchak’s stock options expired unexercised following her departure from the Corporation and the Long Term Incentive Option and Long Term Incentive Bonus expired without any payment being made by the Corporation.

The Corporation entered into an employment agreement with Mr. George Reznik effective April 15, 2008 pursuant to which he serves as the Corporation’s Chief Financial Officer and Secretary. Mr. Reznik currently receives an annual base salary of \$207,000 CAD (reduced from \$230,000 CAD effective April 1, 2009) and is also entitled to

receive a performance bonus of up to \$57,500 CAD based on the achievement of specific objectives. Mr. Reznik also received a signing bonus of \$25,000 CAD. If Mr. Reznik's employment is terminated without cause, the Corporation will pay him 6 month's base salary, plus 2 month's base salary per year of service prorated for partial years, to a maximum of 12 months of his base annual salary, in lieu of notice of termination of employment. In the event of a "change of control" of the Corporation (as that term is defined in the Corporation's stock option plan), all of Mr. Reznik's stock options will automatically vest and become exercisable in accordance with the terms of Corporation's stock options plan.

The Corporation entered into an employment agreement with David Fischer effective May 10, 2006 pursuant to which he served as the Corporation's Director of Finance. Effective upon Mr. Andrew Morden's resignation as Chief Financial Officer on July 6, 2007, Mr. Fischer was appointed to the position of Senior Director of Finance and Acting Chief Financial Officer. Mr. Fischer was replaced as Acting Chief Financial Officer and named Vice President, Finance on April 15, 2009. Mr. Fischer received an annual base salary of \$139,000 CAD (increased from \$132,000 CAD effective January 16, 2008). Mr. Fischer was also entitled to receive a performance bonus of up to \$27,800 CAD (increase from \$26,400 CAD effective January 16, 2008) based on the achievement of specific objectives. If Mr. Fischer's employment was terminated without cause, the Corporation was required to provide him with a period of notice (or pay in lieu thereof, plus benefits) based on the *Employment Standards Act* (British Columbia) plus an additional amount based on a formula reflecting his length of service to the Corporation. For greater than one year but less than three years of service, Mr. Fischer was entitled to receive an additional two weeks in salary and benefits, and for three or more years of service, his entitlement was three weeks, plus one additional week for each year of service in excess of three years, to a maximum of 16 weeks. Mr. Fischer's employment terminated as of October 31, 2008. See "Summary Compensation Table" for amounts paid to Mr. Fischer upon the termination of his employment.

The Corporation entered into an employment agreement with Mark Johnston effective November 2, 2006, pursuant to which he served as the Corporation's Executive Vice President and General Manager responsible for Worldwide Sales and Business Development. Mr. Johnston received an annual base salary of \$220,000 CAD (increased from \$200,000 CAD effective January 16, 2008) and was also entitled to receive a performance bonus of up to \$140,000 CAD (increased from \$125,000 CAD effective January 16, 2008) based on the achievement of specific objectives. If Mr. Johnston's employment was terminated without cause, the Corporation was required to pay him 6 month's base salary, plus 2 month's base salary per year of service prorated for partial years, to a maximum of 12 months of his base annual salary, in lieu of notice of termination of employment. Mr. Johnston resigned from the Corporation on October 3, 2008. Mr. Johnston received a lump sum payment of \$120,000 upon his departure from the Corporation of which \$60,000 was paid on October 8, 2008 and the remaining \$60,000 on January 5, 2009. On October 3, 2008 Mr. Johnston entered into a Consulting Agreement with the Corporation whereby he provides advisory services without further compensation. During the term of the Consulting Agreement, options that were granted during his employment will continue to vest and will expire at the expiration of the agreement on June 30, 2009. In the event of a "change of control" of the Corporation (as that term is defined in the Corporation's stock option plan), all of Mr. Johnston's stock options will automatically vest and become exercisable in accordance with the terms of Corporation's stock option plan.

The Corporation entered into an employment agreement with Mark Longo effective June 25, 2007, pursuant to which he served as the Corporation's Vice President Corporate Development, General Counsel and Corporate Secretary. Mr. Longo received an annual base salary of \$210,000 CAD (increased from \$200,000 CAD effective June 25, 2008) and was also entitled to receive a performance bonus of \$84,000 CAD based on the achievement of specific objectives. Mr. Longo also received a signing bonus of \$10,000 CAD. If Mr. Longo's employment was terminated without cause, the Corporation would have been required to pay him 12 month's base annual salary plus bonus in respect of the applicable fiscal year, in lieu of notice of termination of employment. In the event of a "change of control" of the Corporation (as that term is defined in the Corporation's stock option plan), all of Mr. Longo's stock options would have automatically vested and become exercisable in accordance with the terms of Corporation's stock option plan. Mr. Longo resigned from the Corporation effective as of March 31, 2009.

The Corporation entered into an employment agreement with Souheil Gallouzi effective October 8, 2007, pursuant to which he serves as the Corporation's Senior Vice President & General Manager, Mobility Products and Development. Mr. Gallouzi currently receives an annual base salary of \$202,500 USD (reduced from \$225,000 USD effective April 1, 2009) and is also entitled to receive a performance bonus of \$110,000 USD based on the achievement of specific objectives. Mr. Gallouzi also received a signing bonus of \$25,000 USD. If Mr. Gallouzi's

employment is terminated without cause after a minimum of 6 full months of employment, the Corporation will pay him 6 month's base salary, plus 2 month's base salary per completed year of employment, to a maximum of 12 months of his base annual salary, in lieu of notice of termination of employment. In the event of a "change of control" of the Corporation (as that term is defined in the Corporation's stock option plan), all of Mr. Gallouzi's stock options will automatically vest and become exercisable in accordance with the terms of Corporation's stock option plan.

Estimated Incremental Payments Upon Involuntary Termination as of December 31, 2008

Below are the estimated incremental payments to NEOs as of December 31, 2008 for Termination without Just Cause, Constructive Dismissal or Change of Control.

ESTIMATED TERMINATION AND CHANGE OF CONTROL BENEFITS AS AT DECEMBER 31, 2008					
Name of Named Executive Officer	Notice Period in years as at December 31, 2008	Salary (US\$)	Annual Incentive Bonus (US\$)	Benefits and Perquisites (US\$)	Total (US\$)
Tracy Rees	.67	150,750	Nil	36,000	186,750
Glenda Dorchak ⁽¹⁾	N/A	N/A	N/A	N/A	Nil
George Reznik ⁽²⁾	0.62	116,447	Nil	23,477	139,924
David Fischer ⁽¹⁾	N/A	N/A	N/A	N/A	Nil
Mark Longo ⁽²⁾	1.00	171,486	68,594	21,436	261,516
Souheil Gallouzi	0.67	150,750	Nil	36,000	186,750
Mark Johnston ⁽¹⁾	N/A	N/A	N/A	N/A	Nil

Notes:

- (1) Ms. Dorchak, Mr. Fischer and Mr. Johnston were not employed by the Corporation as of December 31, 2008.
- (2) All compensation for Messrs. Reznik, and Longo would be paid in Canadian dollars. The amounts above were converted to U.S. dollars using the Bank of Canada's Canadian to U.S. dollar exchange rate as at December 31, 2008 of 0.8166.

Director Compensation

The Corporation pays its non-employee directors for serving on Intrinsic's Board of Directors. In making recommendations to the Board of Directors relating to director compensation, the Compensation Committee considered directors' compensation offered by similar companies, its directors' time commitments and the risks and responsibilities that the directors of the Corporation assume. In Fiscal 2007, the Compensation Committee engaged an independent compensation consultant who recommended changes to the Corporation's director compensation in relation to Lead Independent Director Compensation, which changes were approved by the Board of Directors upon the recommendation of the Compensation Committee in respect in fiscal 2008. No other director compensation changes were instituted in respect of fiscal 2008.

In respect of fiscal 2008, the Board of Directors resolved that, in addition to reimbursement for ordinary and necessary out-of-pocket expenses incurred in fulfillment of their duties, each non-executive director received an annual retainer of \$10,000 paid quarterly, a meeting fee of \$1,500 for each Board of Director meeting attended in person, \$750 for telephonic attendance at each Board of Director meeting, and a meeting fee of \$750 for committee meetings. The Lead Independent Director received a fee for acting in that capacity of \$30,000 per year, the Chairman of the Audit Committee received an additional \$1,500 per quarter and the Chairman of each of the Corporate Governance and Nominating and Compensation Committees received an additional \$750 per quarter. Further, each director was compensated for additional activities performed at the direction of the Chairman of the Board or CEO at a rate equal to \$1,500 per day.

The Corporation instituted a guideline on December 18, 2008, whereby all directors are required to have purchased a minimum of \$10,000 worth of Intrinsic common shares within three (3) years following their appointment as directors. This guideline is intended to encourage share ownership by Directors in the Corporation, thereby better aligning the interests of the Directors with those of the Shareholders.

The non-executive members of the Board of Directors have received and may receive incentive stock options in accordance with the policies of the TSX and the Corporation's Stock Option Plan. Currently, new non-executive directors receive 100,000 stock options upon their initial appointment that vest as to one-third (1/3) on the date of issue, one-third (1/3) on the first anniversary and one-third (1/3) on the second anniversary. Existing non-executive directors receive an additional 25,000 stock options per year or on a pro rata basis based on the period served in the preceding year, vesting as to one-twelfth (1/12) per month from the date of issue. See also "Nominees for Election to the Board of Directors".

No changes were made to director compensation in fiscal 2009.

DIRECTOR COMPENSATION TABLE FOR FINANCIAL YEAR ENDED DECEMBER 31, 2008			
Name of Director	Fees earned (US\$)	Option-based awards (US\$)	Totals (US\$)⁽⁵⁾
Philip Ladouceur ⁽¹⁾	18,676	58,969	77,645
George Duguay	33,401	Nil	33,401
Robert Gayton	59,519	Nil	59,519
Glenda Dorchak ⁽²⁾	Nil	Nil	Nil
Joe Heel ⁽³⁾	22,573	Nil	22,573
Ketan Kamdar	18,993	Nil	18,993
Thomas Bitove	30,203	Nil	30,203
Andrew McLeod ⁽⁴⁾	Nil	Nil	Nil

Notes:

- (1) Mr. Ladouceur was appointed to the Board of Directors on January 29, 2008.
- (2) Ms. Dorchak was not compensated in her role as Director. Ms. Dorchak resigned from the Board of Directors as of November 12, 2008.
- (3) Mr. Heel is not standing for re-election to the Board of Directors at the 2008 annual and special meeting of shareholders.
- (4) Mr. McLeod resigned from the Board of Directors as of January 28, 2008.
- (5) All compensation for Messrs. Ladouceur, Duguay, Gayton and Bitove is paid in Canadian dollars. The amounts above were converted to U.S. dollars using the average Bank of Canada's Canadian to U.S. dollar exchange rate for 2008 of 1.06604.

Director Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out for each director information concerning all option-based awards outstanding as of December 31, 2008. This includes awards granted before the end of the financial year ended December 31, 2008.

DIRECTOR OPTION-BASED AWARDS OUTSTANDING AS AT DECEMBER 31, 2008				
Name of Director	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (CAD\$)
Philip Ladouceur	100,000	\$0.80	March 28, 2013	Nil
George Duguay	50,000	\$0.50	December 13, 2011	Nil
	25,000	\$0.90	January 19, 2010	Nil
	25,000	\$0.79	December 15, 2010	Nil
	25,000	\$0.50	December 13, 2011	Nil
	25,000	\$0.92	December 13, 2012	Nil
Robert Gayton	25,000	\$0.90	January 19, 2010	Nil
	25,000	\$0.79	December 15, 2010	Nil
	25,000	\$0.50	December 13, 2011	Nil
	25,000	\$0.92	December 13, 2012	Nil
Glenda Dorchak	N/A	N/A	N/A	N/A
Joe Heel	100,000	\$0.70	June 8, 2012	Nil
	21,875	\$0.92	December 13, 2012	Nil
Ketan Kamdar	100,000	\$0.75	December 12, 2012	Nil
	3,125	\$0.92	December 13, 2012	Nil
Thomas Bitove	100,000	\$0.79	December 15, 2010	Nil
	25,000	\$0.50	December 13, 2011	Nil
	25,000	\$0.92	December 13, 2012	Nil

Notes:

(1) Based on the closing market price of the Corporation's common shares on the TSX on December 31, 2008 of \$0.07 CAD.

Value Vested or Earned During the Year

The following table sets out, for each director, information concerning the value of incentive plan awards - option-based awards as well as non-equity incentive plan compensation - vested or earned during the financial year ended December 31, 2008. All amounts are shown in USD.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING FINANCIAL YEAR ENDED DECEMBER 31, 2008		
Name of Director	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Philip Ladouceur	Nil	Nil
George Duguay	26,650	Nil
Robert Gayton	26,650	Nil
Glenda Dorchak	N/A	Nil
Joe Heel	70,698	Nil
Ketan Kamdar	50,710	Nil
Thomas Bitove	26,650	Nil

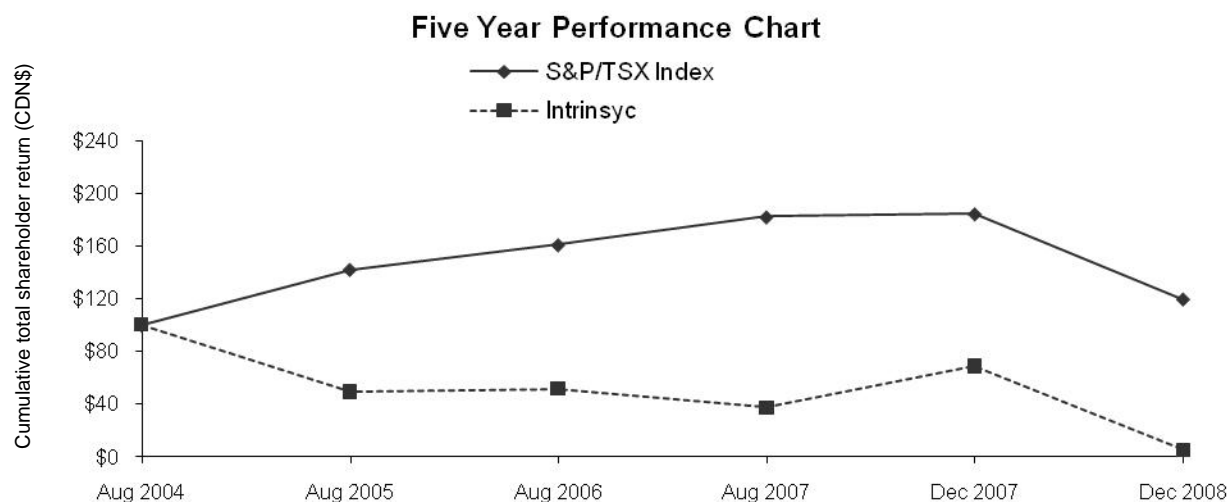
Notes:

- (1) All option-based awards are paid in Canadian dollars. The amounts above were converted to U.S. dollars using the average Bank of Canada's Canadian to U.S. dollar exchange rate for 2008 of 1.06604.

Performance Graph

The common shares of the Corporation currently trade on the Toronto Stock Exchange (“TSX”) under the symbol “ICS”.

The following chart compares the total cumulative shareholder return for CDN\$100 invested in common shares of the Corporation on August 31, 2004 with the cumulative total return of the S&P/TSX Composite Index for the period from August 31, 2004 to December 31, 2008. The common share performance as set out in the graph does not necessarily indicate future price performance.



	31 Aug. '04	31 Aug. '05	31 Aug '06	31 Aug. '07	4 months ended 31 Dec. '07	31 Dec. '08
Intrinsic Common Shares	\$100.00	\$49.25	\$51.49	\$37.31	\$68.66	\$5.22
S&P/TSX Composite Index	\$100.00	\$142.07	\$160.78	\$181.91	\$184.20	\$119.69

The performance trend of the Corporation’s common shares in fiscal 2008 was reflected in the trend of compensation to the NEOs. Specifically, no cash bonuses were awarded in fiscal 2008 and all salaries of the NEOs were frozen as of the end of fiscal 2008. A voluntary salary reduction program was instituted as of April 1, 2009.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee of the Corporation or any proposed management nominee for election as director, or any associate of such director, executive officer or proposed nominee, has been indebted to the Corporation at any time during the financial year ended December 31, 2008.

INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no director, proposed management nominee for election as director, executive officer or principal shareholder of the Corporation, or any associate or affiliate of such person, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no director or executive officer of the Corporation at any time since the beginning of the last financial year of the Corporation, or any proposed management nominee for election as director, or any associate or affiliate thereto, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting, other than the election of directors.

MANAGEMENT CONTRACTS

The management functions of the Corporation are performed by the Corporation's directors and executive officers and the Corporation has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of the Corporation.

AUDIT COMMITTEE

The information regarding the Audit Committee required to be disclosed by Multilateral Instrument 52-110 – *Audit Committees* is detailed in the Corporation's 2008 Annual Information Form filed and available on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

The Board of Directors and executive officers of the Corporation consider good corporate governance to be central to the effective operation of the Corporation. As part of the Corporation's commitment to effective corporate governance, the Board of Directors, with the assistance of the Corporate Governance and Nominating Committee, monitors changes in legal requirements and best practices.

The Board of Directors and the Corporation annually reviews the Corporation's system of corporate governance including its Corporate Governance Manual (the "**Manual**") to ensure its practices meet or exceed applicable legal and stock exchange requirements.

Corporate Governance Disclosure

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* requires the Corporation to disclose certain corporate governance information as is set out in Form 58-101F1 Corporate Governance Disclosure, which came into effect on June 30, 2005. A description of the Corporation's approach to corporate governance, in response to the Form 58-101F1 Corporate Governance Disclosure, is set out in Schedule "A" to this Circular.

Directors' and Officer's Liability Insurance

The Corporation maintains directors' and officers' liability insurance in the aggregate amount of \$10,000,000, subject to a deductible in respect of corporate reimbursement of \$50,000 for each loss. During the fiscal year ended December 31, 2008, the total annual premium paid in respect of such insurance was \$48,000.

OTHER MATTERS

Management of the Corporation is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgement on such matter.

Matters which may properly come before the Meeting shall be any matter not effecting change in the Articles or Bylaws of the Corporation, not effecting a change of control of the Corporation or not disposing of all or substantially all of the assets of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

At the Meeting, in addition to receiving the Corporation's financial statements for the fiscal year ending December 31, 2008, Shareholders are being asked:

- to re-appoint Ernst & Young LLP as auditors of the Corporation for the coming year and to authorize the Board of Directors to fix the auditors' remuneration;
- to elect the directors of the Corporation for the ensuing year; and
- to consider and approve, by ordinary resolution, the confirmation of the Corporation's amended and restated shareholder rights plan.

Each of the above items are described in more detail under the sections entitled "Annual Business to be Conducted at the Meeting" and "Special Business to be Conducted at the Meeting".

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Shareholders may contact the Corporation at 10th floor, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, attention: Corporate Secretary, to request copies of the Corporation's financial statements and Management's Discussion and Analysis for the fiscal year 2008. Information about the Corporation can also be found on its web site at www.intrinsyc.com. Financial information is provided in the Corporation's comparative consolidated financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2008.

BOARD APPROVAL AND STATEMENT OF DIRECTORS

This Circular contains information as at April 23, 2009, except where another date is specified. The contents of this Circular have been approved and its mailing to each member of the Corporation entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

BY ORDER OF THE BOARD



Tracy Rees
Interim Chief Executive Officer
Intrinsyc Software International, Inc.

**SCHEDULE “A”
CORPORATE GOVERNANCE DISCLOSURE**

1. Board of Directors

National Policy 58-201 – *Corporate Governance Guidelines* recommends that boards of directors of reporting issuers be composed of a majority of independent directors. With six of the six current directors considered independent, the Board of Directors is currently composed of a majority of independent directors. The six independent directors are: Thomas Bitove, George Duguay, Robert Gayton, Joachim (Joe) Heel, Ketan Kamdar and Philip R. Ladouceur. With five of the five proposed directors considered independent, the new Board of Directors will also be composed of a majority of independent directors. The five independent proposed directors are: Thomas Bitove, George Duguay, Robert Gayton, Ketan Kamdar and Philip R. Ladouceur.

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board of Directors to function independently of management. The directors may hold regularly scheduled meetings at least four times per year at which non-independent directors are not in attendance. Alternatively, the independent directors may meet during a portion of regularly scheduled Board of Directors meetings, provided that time is specifically scheduled and devoted to meeting without non-independent directors. From January 1, 2008 to December 31, 2008, eight meetings of the independent directors were held. The Corporation has appointed Philip Ladouceur as Chairman and Lead Independent Director in order to ensure appropriate leadership for the independent directors. As Lead Independent Director, Mr. Ladouceur’s role is to oversee and ensure the independence and separation between management and the Board of Directors.

The Corporation and the Board of Directors recognize the significant commitment involved in being a member of the Board of Directors. Accordingly, the Corporation’s Governance Manual requires directors to report to the Chairman of the Corporate Governance and Nominating Committee all other directorships held and any other interest in or relationship with outside entities that could result in potential conflicts of interest. Currently, the following directors serve on the boards of directors of other public companies as listed below.

Director	Public corporation board membership
George Duguay	GA Capital Corp.
Dr. Robert Gayton	Amerigo Resources Ltd. Bravo Venture Group Inc. National Minerals Eastern Platinum Limited Nevsun Resources Ltd. Palo Duro Energy Inc. Quaterra Resources Inc. Western Copper Corporation Silvercorp Metals

For the fiscal year January 1, 2008 to December 31, 2008, the Board of Directors and its committees held the following number of meetings:

Meeting Type	Number of Meetings
Board of Directors	8
Audit Committee	5
Compensation Committee	2
Corporate Governance and Nominating Committee	1
TOTAL NUMBER OF MEETINGS HELD	16

The attendance of the directors at such meetings was as follows:

Director	Board meetings attended	Committee meetings attended
Thomas Bitove	8 of 8	3 of 3
Glenda Dorchak ⁽¹⁾	6 of 6	N/A
George Duguay	8 of 8	7 of 7
Robert Gayton	7 of 8	6 of 8
Joachim (Joe) Heel	8 of 8	1 of 2
Ketan Kamdar	8 of 8	1 of 1
Philip R. Ladouceur ⁽²⁾	8 of 8	6 of 6
Andrew McLeod ⁽³⁾	N/A	N/A

Notes:

- (1) Ms. Dorchak resigned from the Board of Directors on November 12, 2008.
- (2) Mr. Ladouceur joined the Board of Directors on January 29, 2008.
- (3) Mr. McLeod resigned from the Board of Directors on January 28, 2008.

2. Board Mandate

The Board of Directors is responsible for the overall stewardship of the Corporation. The Board of Directors discharges this responsibility directly and through the delegation of specific responsibilities to committees of the Board of Directors.

The Mandate of the Board of Directors, which is attached hereto as Appendix “A”, falls into the following seven categories: selection of management, strategic planning, risk identification, communications, succession planning, internal controls and corporate governance, all as more particularly described in Section B of the Mandate.

3. Position Descriptions

The Board of Directors has developed position descriptions for the Chairman, the Lead Independent Director and the Chairman of each committee of the Board of Directors. The Board of Directors has also approved a position description for the Chief Executive Officer.

4. Orientation and Continuing Education

Responsibility for orientation and education programs for new directors is assigned to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee ensures that all new directors receive a comprehensive orientation so that each new director fully understands the role of the Board of Directors and its committees, as well as the individual contribution individual directors are expected to make. The Board of Directors has adopted a policy for orientation of new directors.

The Corporate Governance and Nominating Committee is also responsible for arranging continuing education for directors in order to ensure that directors maintain and enhance the skill and knowledge necessary to meet their obligations as directors, as well as to ensure knowledge and understanding of the Corporation's business remains current. The Board of Directors has adopted a policy for continuing education for directors.

5. Ethical Business Conduct

The Board of Directors has created a Code of Business Conduct (the "**Code**") for the Corporation's directors, officers and employees. Directors, officers and employees are expected to act with honesty and integrity in all interactions with customers, suppliers, competitors, employees and others. A copy of the Code may be obtained by contacting the Corporation at the address given under "Additional Information" in this Circular.

The Audit Committee is responsible for reviewing the Code as well as programs that management has established to monitor compliance with the Code. In addition, the Corporate Governance and Nominating Committee is responsible for ensuring that standards of ethical conduct are developed and maintained.

The Board of Directors and the Audit Committee have also established a Whistleblower Policy to encourage employees, officers and directors to raise concerns regarding matters covered by the Code (including but not limited to accounting, internal controls or auditing matters) on a confidential basis free from discrimination, retaliation or harassment.

In addition, in order to ensure independent judgement in considering transactions/agreements in which a director/officer has a material interest, all related party transactions are reviewed and approved by the Audit Committee.

6. Nomination of Directors

The Corporate Governance and Nominating Committee is currently comprised of Philip Ladouceur (Chairman), Thomas Bitove, Robert Gayton and Ketan Kamdar, all of whom are independent.

The purpose of the Corporate Governance and Nominating Committee is to:

- (a) develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Corporation;
- (b) identify individuals qualified to become new Board members and to recommend to the Board of Directors new director nominees from time to time; and
- (c) assist the Chairman in overseeing the process of evaluation of the Board of Directors, its committees and individual directors.

As described in its charter, the Corporate Governance and Nominating Committee is responsible for, among other things, identifying and evaluating candidates for the Board of Directors.

7. Compensation Committee

The Compensation Committee currently consists of George Duguay (Chairman), Thomas Bitove and Joachim (Joe) Heel, all of whom are independent directors.

The purpose of the Compensation Committee is to:

- (a) review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those corporate goal and objectives, and determine (or make recommendations to the Board of Directors with respect to) the CEO's compensation level based on this evaluation;
- (b) make recommendations to the Board of Directors with respect to non-CEO officer extraordinary bonuses, director compensation, incentive compensation plans and equity-based plans; and
- (c) review executive compensation disclosure before the Corporation publicly discloses this information.

8. Audit Committee

The Audit Committee currently consists of Robert Gayton (Chairman), George Duguay and Philip Ladouceur, all of whom are independent directors.

The mandate of the Audit Committee is described in the Corporation's 2008 Annual Information Form dated March 16, 2009.

9. Other Board of Directors' Committees

The Corporation's Board of Directors does not have any committees, other than the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee.

10. Assessments

The Board of Directors has adopted a Board review process which: (a) provides directors with an opportunity once each year to evaluate the Board of Directors' and each Committee's performance and to make suggestions for its improvement; (b) provides an opportunity for the Board of Directors to comment on the Chairman's and the Lead Independent Director's leadership; and (c) provides an opportunity for the Lead Independent Director to evaluate each director's individual performance and to make suggestions for improvement. The review process relates directly to the description of the roles and responsibilities of the Board of Directors, each of its committees, the Chairman and each individual director.

The Board of Directors annually reviews and assesses the performance of the CEO.

APPENDIX A
OBLIGATIONS, DUTIES AND ROLES OF THE BOARD OF DIRECTORS OF
INTRINSYC SOFTWARE INTERNATIONAL, INC.

A. OBLIGATIONS

1. The Board of Directors (the “**Board**”) shall assume the responsibility for the stewardship of the Corporation and shall:
 - (a) supervise the management of the business and affairs of the Corporation; and
 - (b) act in accordance with the Corporation’s obligations contained in the *Canada Business Corporations Act* (the “**CBCA**”), the Securities Act of each province and territory of Canada and the various related rules, policies and instruments, the Toronto Stock Exchange’s governance guidelines, other applicable laws and the Corporation’s Articles and By-Laws (collectively, “**Applicable Laws**”).
2. The Board may delegate any matter to a committee of directors in compliance with Applicable Laws.

B. BOARD MANDATE

Introduction

In meeting its obligations, the Board shall act as a whole or as permitted by Applicable Laws through a committee of the Board. The Board’s mandate falls into the following seven categories:

1. Selection of Management

The Board has the responsibility for:

- (a) appointing, monitoring and reviewing the performance of, approving the remuneration for, providing counsel and advice to and replacing the CEO;
- (b) approving the appointment of all executive officers, taking into account the advice of the CEO; and
- (c) to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

2. Strategic Planning

The Board has the responsibility for:

- (a) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan that takes into account, among other things, the opportunities and risks of the Corporation’s business;
- (b) monitoring the Corporation’s progress towards its goals, and to revise and alter its direction in light of changing circumstances; and
- (c) taking action when the Corporation’s performance falls short of its goals or in other special circumstances (for example, mergers and acquisitions or changes in control).

3. Risk Identification

The Board has the responsibility for identifying principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage those risks.

4. Communications

The Board has the responsibility for:

- (a) ensuring that the financial results of the Corporation are reported fairly and in accordance with Applicable Laws;
- (b) ensuring the timely reporting of material information in compliance with Applicable Laws; and
- (c) adopting a communications policy to ensure that communications to the public regarding the Corporation are timely, factual, accurate and broadly disseminated in accordance with Applicable Laws.

5. Succession Planning

The Board has the responsibility for:

- (a) planning for the succession of senior management, including appointing, training and monitoring; and
- (b) planning for the succession of the directors.

6. Internal Controls

The Board has the responsibility for ensuring that internal control and information management systems are implemented and maintained.

7. Corporate Governance

The Board has the responsibility for:

- (a) developing the Corporation's approach to corporate governance, including reviewing and amending as appropriate this Governance Manual;
- (b) monitoring compliance with the corporate governance guidelines established in this Governance Manual; and
- (c) confirming that the Corporation operates at all times in compliance with Applicable Laws and in accordance with high ethical and moral standards established by the Board from time to time.

C. CONSTITUTION AND ROLE OF THE BOARD OF DIRECTORS

1. Board Composition

- (a) Constitution of the Board

The Board shall be constituted with a majority of individuals who qualify as independent directors (as defined below).

If the Corporation has a significant shareholder, the Board shall include, at a minimum, a proportion of independent directors that fairly represents the investment in the Corporation by shareholders other than the significant shareholder. For these purposes, “significant shareholder” has the meaning set out for “significant security holder” in National Instrument 58-101.

(b) Board Membership

The Board is responsible for selecting nominees for appointment or election to the Board. On an annual basis in advance of the Corporation’s making nominations for election of directors at the Corporation’s annual shareholders meetings, the Board shall: (i) consider what competencies and skills the Board, as a whole, should possess; and (ii) assess what competencies and skills each existing director possesses. The Board delegates the nomination process to the Corporate Governance and Nominating Committee with the input from the Lead Independent Director (if any) and the CEO but the Board reserves for itself the responsibility for selecting the final nominees.

(c) Board Size

Under Applicable Laws, the Board shall consist of not less than three directors and the number of directors may be fixed or changed from time to time by the Corporation’s shareholders by an ordinary resolution. The Board will annually consider its size and will increase or decrease the number of directors to facilitate more effective leadership and decision-making. The Board delegates such annual consideration to the Corporate Governance and Nominating Committee but the Board reserves for itself the responsibility for recommending to shareholders the size of the Board.

(d) Independent Directors

A director is considered “independent” for the purposes of its Governance Manual if such director meets the meaning of independence set forth under paragraph (A) under the heading “Audit Committee Independent Directors”.

Under Applicable Laws, an “inside” director is a director who is an officer or employee of the Corporation or of any of its affiliates. The Corporation’s only inside directors shall be the CEO and the President. An “outside” director is a director who is not a member of management. Under Applicable Laws, an “unrelated” director is a director who is independent of management and is free from any business or other relationship, other than interests and relationships arising from shareholding, which could, or could be perceived to, materially interfere with the director’s ability to act in the Corporation’s best interest.

If a shareholder is in a position to control or influence control of the Corporation, that person is a “significant” shareholder. For purposes of assessing “relatedness”, a director who is a significant shareholder, or is a director with interests in or relationships with the significant shareholder is not considered a related director under Applicable Laws.

(e) Audit Committee Independent Directors

Under Applicable Laws, a director shall be considered independent for the purposes of the Audit Committee if he or she meets the following requirements:

(A) Meaning of Independence

- (1) An Audit Committee member is independent if he or she has no direct or indirect material relationship with the Corporation.

- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with the Corporation:
- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
 - (c) an individual who:
 - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because: (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor

is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the Corporation, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the Corporation, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Corporation on a part-time basis.
- (8) For the purpose of section (A), the Corporation includes a subsidiary entity of the Corporation and a parent of the Corporation.

(B) Additional Independence Requirements

- (1) Despite any determination made under section (A), an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which

provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

“Prescribed period” means the period prescribed by law and currently under the Multilateral Instrument 52-110 – Audit Committees it is the shorter of: (i) the period commencing on March 30, 2004 and ending immediately prior to the determination of independence; and (ii) the three year period ending immediately prior to the determination of independence.

2. Resignation or Withdrawal - Directors Who Change their Employment Responsibility

Any director who changes the responsibility he or she held when elected or appointed to the Board should offer to resign from the Board. This will provide an opportunity for the Board to review and consider the continued appropriateness of that person’s Board membership under the changed circumstances. In carrying out this function, the Board shall consider the advice and input of the Corporate Governance and Nominating Committee.

3. Relationship with Management

The Board functions independently of management. The role of the Chairman is to effectively provide leadership to the Board while the role of the CEO is to provide the day-to-day leadership and management of the Corporation. The role of the Lead Independent Director is to oversee and ensure the independence, and separation from management, of the Board.

4. Strategic Plan

As noted in the Board’s mandate, the Board is ultimately responsible for adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation’s business. However, the initiative for developing and modifying the strategic plan and strategies to achieve these goals and objectives must come from the CEO and management. The Board may assist in the development of the strategies, act as a resource and contribute ideas but the CEO and management will lead this process.

5. Performance Evaluation

(a) CEO Evaluation

One of the most important aspects of effective governance is the relationship between the CEO and the Board. It is crucial that the Board is fully informed and that the CEO has a forum for drawing on the wisdom and experience that exists within the Board. While it is expected that full and frank dialogue will exist between the CEO and the Board, a CEO review process should occur at least once a year to ensure that this communication takes place. This allows for a full and healthy dialogue between the Board and the CEO regarding corporate and individual performance.

(b) Board, Committees and Individual Directors Evaluation

The Board is committed to evaluating its own performance and the performance of its Committees and individual directors on an annual basis. The review process is also an opportunity to provide input to each of the Chairman of the Board, the Lead Independent Director (if any) and the Chairman of each Committee on his or her performance.

6. Meetings

(a) Number of Meetings

The Board will meet on a scheduled basis four times per year and more frequently if required.

(b) Agenda

The Chairman, with the assistance of the Lead Independent Director (if any) and the CEO, will be responsible for establishing the agenda for Board meetings. The Chairman shall solicit from the members of the Board recommendations as to matters to be brought before the Board and shall ensure that such matters receive a fair hearing. A significant portion of each regularly scheduled Board meeting will be spent examining future plans and strategies for this purpose “future plans and strategies” is intended to be broader than strategic planning and includes without limitation future financial performance, future business operations and corporate development opportunities.

(c) Guests at Board Meetings

Guests may be invited by the Board and CEO to make presentations to the Board. Should the CEO wish to invite other people as attendees on a regular basis, the CEO should first seek the concurrence of the Board.

(d) Access to Senior Management

The Board encourages the CEO to bring into Board meetings employees who can provide additional insight into the items being discussed and/or who have potential in terms of management succession and should be given exposure to the Board.

(e) Board Information - Regularly Scheduled Meetings

Not less than five business days prior to each regularly scheduled Board meeting, the Board should receive the following information from the Chairman and management: (i) an Agenda; (ii) a memo from the CEO outlining major accomplishments and issues; (iii) a summary of each agenda item that requires a thorough debate of various courses of action and concluding with management’s recommendations and summary of the risks, provided that if any matter is too sensitive to put on paper, the matter and any presentations with respect thereto will be discussed at the meeting.

(f) Board Information - Non-Regularly Scheduled Meetings

Not less than two days prior to each non-regularly scheduled Board meeting, the Board shall receive from the Chairman and management the following: (i) an Agenda; (ii) a summary of each agenda item that requires a thorough debate of various courses of action and concluding with management’s recommendations and summary of the risks, provided that if any matter is too sensitive to put on paper, the matter and any presentations with respect thereto will be discussed at the meeting. Notwithstanding the foregoing, the Board understands that in extraordinary circumstances the required delivery may be impractical, in which case the directors shall receive such materials sufficiently in advance of the meeting to enable the directors to fully and properly consider such materials.

7. Board Committees

The Board shall adopt for each Board committee a written charter that clearly establishes the committee’s purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees) and manner of reporting to the Board.

Subject to Applicable Laws and any resolution of the Board, a committee may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Where neither the Board nor the committee has determined the rules or procedures to be followed by the committee, the rules and procedures set out in Sections 4 and 5.02 of the Corporation's By-Law No. 1, shall apply with necessary modifications.

The following shall apply to each Board committee:

(a) Committee Membership

Committee members are appointed by the Board on the recommendation of the Corporate Governance and Nominating Committee in consultation with the Chairman and the Lead Independent Director (if any) and with consideration of the desires of individual Board members.

Consideration will be given to rotating committee members periodically.

Committee Chairmen are selected by the Board on the recommendation of the Corporate Governance and Nominating Committee.

(b) Meeting Attendance

A director who is not a member of a committee may attend meetings of such committee with the consent of the Chairman of the committee. A director who is not a member of a committee may not vote and may not be counted for the purposes of the quorum.

(c) Committee Meetings and Agendas

The committee Chairman, after consultation with committee members to the extent practicable, will determine the location, frequency and length of the meetings of the committee, provided that the Audit Committee shall meet at least four times per year. All other committees shall meet at least annually. The Chairman of the committee, in consultation with the CEO or the appropriate senior manager, will develop the committee's agenda.

(d) Committee Responsibilities

Committees should analyze, consistent with their Charter, strategies and policies that are developed by management. Committees may make recommendations to the Board but, unless specifically mandated to do so, do not take action or make decisions on behalf of the Board.

A committee may, from time to time, request assistance of external advisors who the committee requires to research, investigate and report on matters within a committee's term of reference.

(e) Reporting

Each committee has a duty to report to the Board all matters that it considers to be important for Board consideration. All committee's minutes should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.

8. Director Compensation

The Board shall establish the compensation of directors, after taking into account the recommendation of the Compensation Committee. The compensation should be generally in line with that paid by public companies of a similar size and type.

The Board encourages Board members to own shares in the belief that share ownership facilitates the directors' identification with the interests of the shareholders.

The Corporation shall maintain directors' and officers' liability insurance.

9. Corporate Standards of Conduct

The Board has the responsibility for ensuring that standards of conduct are established and monitored for compliance.

10. Access to Outside Advisors

Individual directors or a group of directors may engage an outside advisor at the expense of the Corporation in appropriate circumstances. The engagement of the outside advisor should be coordinated through the Chairman or the Lead Independent Director (if any) and be subject to Board approval.

11. Meetings of Independent Directors

The independent directors shall hold regularly scheduled meetings at least four times per year at which members of management and non-independent directors are not in attendance. In lieu of such meetings, the independent directors may meet during a portion of regularly scheduled Board meetings, provided that time is specifically scheduled and devoted to meeting without members of management.

12. Orientation and Continuing Education of Directors

The Board shall develop and provide an orientation and education program for new directors and shall provide continuing education opportunities for all directors. The Board delegates the orientation and continuing education process to the Corporate Governance and Nominating Committee.

**SCHEDULE “B”
SHAREHOLDER RIGHTS PLAN**

Summary of Key Terms

The following is a summary of the terms of the 2009 Rights Plan. This summary is qualified in its entirety by the full text of the 2009 Rights Plan, a copy of which is available on request from the Corporation as described above. All capitalized terms used without definition have the meanings ascribed to them in the 2009 Rights Plan. Except where specifically mentioned in the following summary, there are no substantive differences between the 2006 Rights Plan and the 2009 Rights Plan.

- (a) *Issuance of Rights.* One Right will be issued by the Corporation in respect of each common share outstanding at the close of business on the date of implementation of the 2009 Rights Plan, and one Right will be issued in respect of each common share of the Corporation issued thereafter, prior to the earlier of the Separation Time and the Expiration Time. Each Right entitles the registered holder thereof to purchase from the Corporation one common share at the exercise price of \$1,000, subject to adjustment and certain anti-dilution provisions (the “**Exercise Price**”). The Rights are not exercisable until the Separation Time. If a Flip-In Event occurs, each Right will entitle the registered holder to receive, upon payment of the Exercise Price, common shares of the Corporation having an aggregate market price equal to twice the Exercise Price.
- (b) *Trading of Rights.* Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the common shares of the Corporation and will be transferable only together with the associated common shares. From and after the Separation Time, separate certificates evidencing the Rights (“**Rights Certificates**”), together with a disclosure statement prepared by the Corporation describing the Rights, will be mailed to holders of record of common shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of common shares issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities (“**Convertible Securities**”) convertible into or exchangeable for common shares. The Rights will trade separately from the common shares after the Separation Time.
- (c) *Separation Time.* The Separation Time is the Close of Business on the tenth Business Day after the earlier of: (i) the “**Stock Acquisition Date**”, which is generally the first date of public announcement of facts indicating that a Person has become an Acquiring Person; (ii) the date of the commencement of, or first public announcement of the intent of any Person to commence a Take-over Bid; and (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid. In either case, the Separation Time can be such later date as may from time to time be determined by the Board of Directors. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it shall be deemed never to have been made.
- (d) *Acquiring Person.* In general, an “Acquiring Person” is a Person who is the Beneficial Owner of 20% or more of the Corporation’s outstanding Voting Shares. Excluded from the definition of “Acquiring Person” are the Corporation and its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or more or any combination of an acquisition or redemption by the Corporation of Voting Shares, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition and a Pro Rata Acquisition. The definitions of “**Permitted Bid Acquisition**”, “**Exempt Acquisition**”, “**Convertible Security Acquisition**” and “**Pro Rata Acquisition**” are set out in the Shareholder Rights Plan Agreement. However, in general:
 - (i) a “**Permitted Bid Acquisition**” means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;

- (ii) an “**Exempt Acquisition**” means a share acquisition in respect of which the Board of Directors has waived the application of the Rights Plan;
- (iii) a “**Convertible Security Acquisition**” means an acquisition of Voting Shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition; and
- (iv) a “**Pro Rata Acquisition**” means an acquisition of Voting Shares of Convertible Securities as a result of a stock dividend, a stock split or other similar event, acquired on the same pro rata basis as all other holders of Voting Shares.

Also excluded from the definition of “**Acquiring Person**” are underwriters or members of a banking or selling group acting in connection with a distribution of securities by way of prospectus or private placement, and a Person in its capacity as an Investment Manager, Trust Company, Plan Trustee, Statutory Body or Crown agent or agency (provided that such person is not making or proposing to make a Take-over Bid).

- (e) *Beneficial Ownership.* In general, a Person is deemed to beneficially own common shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the Person’s Affiliates (generally, a person that controls, is controlled by, or under common control with another person) and Associates (generally, relatives sharing the same residence). Also included are securities which the Person or any of the Person’s Affiliates or Associates has the right to acquire within 60 days (other than (1) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a public offering of securities; or (2) pursuant to a pledge of securities).

A Person is also deemed to “**Beneficially Own**” any securities that are beneficially owned (as described above) by any other Person with which the Person is acting jointly or in concert (a “**Joint Actor**”). A Person is a Joint Actor with any Person who is a party to an agreement, arrangement or understanding with the first Person or an Associate or Affiliate thereof for the purpose of acquiring or offering to acquire common shares.

The definition of “**Beneficial Ownership**” contains several exclusions whereby a Person is not considered to “Beneficially Own” a security. There are exemptions from the deemed “Beneficial Ownership” provisions for institutional Shareholders acting in the ordinary course of business. These exemptions apply to: (i) an investment manager (“**Investment Manager**”) which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person (a “**Client**”); (ii) a licensed trust company (“**Trust Company**”) acting as a trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”) and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee (a “**Plan Trustee**”) of one or more pension funds or plans (a “**Plan**”) registered under applicable law; (iv) a Person who is a Plan or is a Person established by statute (the “**Statutory Body**”), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans, or various public bodies, or (v) a Crown agent or agency. The foregoing exemptions only apply so long as the Investment Manager, Trust Company, Plan Trustee, Plan, Statutory Body or Crown agent or agency is not then making or has not then announced an intention to make a Take-over Bid, other than an offer to Acquire Voting Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions.

A Person will not be deemed to “Beneficially Own” a security because: (i) the Person is a Client of the same Investment Manager, an Estate Account or an Other Account of the same Trust Company, or Plan with the same Plan Trustee as another Person or Plan on whose account the Investment Manager, Trust company or Plan Trustee, as the case may be, holds such security; or (ii) the Person is a Client of an Investment Manager, Estate Account, Other Account or Plan, and the security is owned at law or in equity by the Investment Manager, Trust company or Plan Trustee, as the case may be.

Under the Rights Plan, a Person will not be deemed to “Beneficially Own” any security where the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement to a Take-over bid made by such Person or such Person’s Affiliates or Associates of Joint Actor, or such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or such Person’s Affiliates, Associates or Joint Actors until the earliest time at which any such tendered security is accepted unconditionally for payment or is take up or paid for.

A Permitted Lock-up Agreement is essentially an agreement between a Person and one or more holders of Voting Shares (the terms of which are publicly disclosed, reduced to writing and available to the public within the time frames set forth in the definition of Permitted Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender Voting Shares to the Lock-up Bid and which further provides that such agreement permits the Locked-up Person to withdraw its Voting Shares in order to deposit or tender the Voting Shares to another Take-Over Bid or support another transaction: (i) at a price or value that exceeds the price under the Lock-Up Bid; or (ii) is for a number of Voting Shares at least 7% greater than the number of Voting Shares under the Lock-Up Bid at a price or value that is not less than the price or value offered in the Lock-up Bid; or (iii) that contains an offering price that exceeds the offering price in the Lock-up Bid by as much as or more than a Specified Amount and does not provide for a Specified Amount greater than 7% of the offering price in the Lock-up Bid. A permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price in another Take-Over Bid or other similar limitation on a Locked-up Person’s right to withdraw Voting Shares so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares during the period of the other Take-Over Bid or transaction. Finally, under a Permitted Lock-up Agreement no “break up” fees, “top up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of: (i) 2½% of the price or value of the consideration payable under the Lock-up Bid; and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-Over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws Voting Shares previously tendered thereto in order to deposit such Voting Shares to another Take-Over Bid or support another transaction.

- (f) *Flip-In Event.* A Flip-In Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-In Event which has not been waived by the Board of Directors occurs (see “Redemption, Waiver and Termination”), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person or a transferee of such a Person, which Rights will become null and void) shall constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of common shares having an aggregate Market Price on the date of the Flip-In Event equal to twice the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments). For example, if at the time of the Flip-In Event the Exercise Price is \$1,000 and the Market Price of the common shares is \$200, the holder of each Right would be entitled to purchase common shares having an aggregate Market Price of \$2,000 (that is, 10 common shares) for \$1,000 (that is, a 50% discount from the Market Price).
- (g) *Permitted Bid and Competing Permitted Bid.* A Permitted Bid is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:
 - (i) the Take-over Bid is made to all holders of record of Voting Shares as registered on the books of the Corporation, other than the Offeror;
 - (ii) the Take-over Bid contains irrevocable and unqualified conditions that:
 - (a) no Voting Share shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid and the provisions for the take-up and payment for Voting Shares tendered or deposited there under shall be subject to such irrevocable and unqualified condition;

- (b) unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Voting Shares and all Voting Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such dates;
- (c) more than 50% of the outstanding Voting Shares held by Independent Shareholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for Voting Shares; and
- (d) in the event that more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for Voting Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 Business Days from the date of such public announcement.

A Competing Permitted Bid is a take-over Bid that is made after a Permitted Bid has been made but prior to its expiry, satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 60 days so long as it is open until the later of: (i) the earliest date on which common shares may be taken-up or paid for under any earlier Permitted Bid or Competing Permitted Bid that is in existence, and (ii) 35 days (or such other minimum period of days as may be prescribed by applicable law in British Columbia) after the date of the Take-over Bid constituting the Competing Permitted Bid.

(h) *Redemption, Waiver and Termination.*

- (i) Redemption of Rights on Approval of Holders of Voting Shares and Rights.

The Board of Directors acting in good faith may, after having obtained the prior approval of the holders of Voting Shares or Rights, at any time prior to the occurrence of a Flip-In Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right, appropriately adjusted for anti-dilution as provided in the Shareholder Rights Plan Agreement (the “**Redemption Price**”).

- (ii) Waiver of Inadvertent Acquisition.

The Board of Directors acting in good faith may waive the application of the Rights Plan in respect of the occurrence of any Flip-In Event if: (a) the Board of Directors has determined that a Person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (b) the Acquiring Person has reduced its Beneficial Ownership of Voting Shares such that at the time of waiver the Person is no longer an Acquiring Person.

- (iii) Deemed Redemption.

In the event that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived or has deemed to have waived the application of the Rights Plan consummates the acquisition of the Voting Shares, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.

- (iv) Discretionary Waiver with Mandatory Waiver of Concurrent Bids.

The Board of Directors acting in good faith may, prior to the occurrence of the relevant Flip-In Event as to which the Rights Plan has not been waived under this clause, upon prior written notice to the Rights Agent, waive the application of the Rights Plan to a Flip-In Event that may occur by

reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Voting Shares. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-In Event occurring by reason of such a Take-over Bid made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.

- (v) Discretionary Waiver respecting Acquisition not by Take-over Bid Circular.

The Board of Directors acting in good faith may, with the prior consent of the holders of Voting Shares, determine, at any time prior to the occurrence of a Flip-In Event as to which the application of the Rights Plan has not been waived, if such Flip-In Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to holders of Voting Shares and otherwise than by inadvertence when such inadvertent Acquiring Person has then reduced its holdings to below 20%, to waive the application of the Rights Plan to such Flip-In Event. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of Shareholders called to approve such a waiver.

- (vi) Redemption of Rights on Withdrawal or Termination of Bid.

Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-In Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

If the Board of Directors is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights is to receive the Redemption Price. Within 10 Business Days of any such election or deemed election to redeem the Rights, the Corporation will notify the holders of the Voting Shares or, after the Separation Time, the holders of the Rights.

- (i) *Anti Dilution Adjustments.* The Exercise Price of a Right, the number and kind of shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:
 - (i) if there is a dividend payable in Voting Shares or Convertible Securities (other than pursuant to any optional stock dividend program or dividend reinvestment plan or a dividend payable in Voting Shares in lieu of a regular periodic cash dividend) on the common shares, or a subdivision or consolidation of the common shares, or an issuance of common shares or Convertible Securities in respect of, in lieu of or in exchange for common shares; or
 - (ii) if the Corporation fixes a record date for the distribution to all holders of common shares of certain rights or warrants to acquire common shares or Convertible Securities, or for the making of a distribution to all holders of common shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in common shares) or rights or warrants.

- (j) *Supplements and Amendments.* Changes that the Board of Directors acting in good faith, determines are necessary to maintain the validity of the Rights Plan as a result of any change in any applicable legislation, rules or regulation may be made subject to subsequent confirmation by the holders of the common shares or after the Separation Time, Rights. The Corporation may make amendments to correct any clerical or typographical error.

Subject to the above exceptions, after the Meeting, any amendment, variation or deletion of or from the Rights Plan and the Rights, is subject to the prior approval of the holders of common shares, or, after the Separation Time, the holders of the Rights.

The Board of Directors reserves the right to supplement, amend, vary, rescind or delete any terms of or not to proceed with the Rights Plan at any time prior to the Meeting in the event that the Board of Directors determines that it would be in the best interests of the Corporation and its Shareholders to do so, in light of subsequent developments.

- (l) *Expiration.* If the 2009 Rights Plan is confirmed and approved at the Meeting, it will become effective immediately following such approval and remain in force until the earlier of the Termination Time (the time at which the right to exercise Rights shall terminate pursuant to the 2009 Rights Plan) and the termination of the annual meeting of the Shareholders in the year 2012 unless at or prior to such meeting the Independent Shareholders ratify the continued existence of the 2009 Rights Plan in which case the 2009 Rights Plan would remain in effect until the termination of the annual general meeting of Shareholders of the Corporation in the year 2015.