

MediSolution

MEDISOLUTION LTD.

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual meeting (the "Meeting") of the shareholders of MediSolution Ltd. (the "Corporation") will be held at the Hockey Hall of Fame, BCE Place, 30 Yonge Street, Toronto, Ontario on Wednesday, September 6, 2006 at 3:00 p.m. (Eastern Daylight Time), for the following purposes:

1. To receive the consolidated financial statements of the Corporation for the financial year ended March 31, 2006 and the report of the auditors thereon, both of which are contained in the Corporation's 2006 Annual Report to Shareholders.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Corporation's transfer agent and registrar, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by facsimile to (416) 368-2502, not later than the close of business on Friday, September 1, 2006 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the Meeting.

A Management Information Circular and form of proxy accompany this Notice.

DATED the 14th day of July 2006.

By Order of the Board



Cyrus Madon
Chairman

MEDISOLUTION LTD.

MANAGEMENT INFORMATION CIRCULAR

PART ONE – VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular (the "Circular") is furnished in connection with the solicitation by management of MediSolution Ltd. (the "Corporation") of proxies to be used at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on Wednesday, the 6th day of September, 2006, at the time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Notice"). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by the directors, officers and employees of the Corporation who will not receive any additional compensation for such services. The cost of solicitation by management will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting may do so** either by inserting such person's name in the blank space provided in the applicable form of proxy or by completing another proper form of proxy and, in either case, depositing his or her duly executed form of proxy with the Corporation's transfer agent and registrar, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by facsimile to (416) 368-2502, not later than the close of business on Friday, September 1, 2006 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the Meeting.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such Meeting on the day of the Meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

EXERCISE OF DISCRETION BY PROXIES

The person named in the enclosed form of proxy will vote or withhold from voting the common shares in respect of which he is appointed in accordance with the direction of the shareholder appointing him. In the absence of any direction to the contrary, all common shares represented by proxy will be voted **FOR** the election of directors and **FOR** the appointment of auditors and authorizing the directors to fix the remuneration of the auditors, all as stated under the appropriate headings in this Circular.

The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any such amendment, variation or other matter properly comes before the Meeting, it is the intention of the person named in the accompanying form of proxy to vote on such other business in accordance with his best judgment.

NON-REGISTERED HOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares of the Corporation beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Holder deals in respect of the common shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation will have distributed copies of the Notice, this Circular, the form of proxy and the Corporation's 2006 Annual Report (which includes management's discussion and analysis and consolidated financial statements for the financial year ended March 31, 2006) (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are requested to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- (b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must complete the form of proxy and deposit it with the Secretary of the Corporation c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by facsimile to (416) 368-2502, as described above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided.

Non-Registered Holders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.

VOTING SHARES

The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Class A special shares, issuable in series. As of July 14, 2006, the Corporation had outstanding an aggregate of 157,375,424 common shares, each carrying the right to one vote per share. As of July 14, 2006, no Class A special shares of the Corporation have been issued.

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as July 28, 2006. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of common shares on such record date. Each holder of common shares named in the list will be entitled to one vote per common share shown opposite his name on the list at the Meeting except to the extent that (a) the shareholder has transferred any of his common shares after the date on which the list was prepared and (b) the transferee of those common shares produces properly endorsed share certificates or otherwise establishes that he owns such common shares and demands, not later than ten days before the Meeting, that his name be included in the list before the Meeting, in which case the transferee is entitled to vote his common shares at the Meeting.

A quorum for the transaction of business at the Meeting is the presence of two shareholders of the Corporation, present in person.

PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date hereof, the following table sets forth the only person who, to the knowledge of the directors and senior officers of the Corporation, beneficially owns or exercises control or direction over common shares of the Corporation carrying more than 10% of the votes attached to common shares of the Corporation:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
Brascan Asset Management Holdings Limited	95,061,098	60%

Brascan Asset Management Holdings Limited is a wholly-owned subsidiary of Brookfield Asset Management Inc. (“Brookfield”).

Brookfield is a public corporation listed on the Toronto and New York stock exchanges. Brookfield’s major shareholder is Partners Limited (“Partners”) and its shareholders, who collectively own, directly or indirectly, exercise control or direction over, or have options and warrants to acquire, approximately 67 million Class A Limited Voting Shares, representing approximately 17% of the outstanding Class A Limited Voting Shares of Brookfield on a fully diluted basis, and 85,120 Class B Limited Voting Shares, representing 100% of the Class B Limited Voting Shares of Brookfield.

PART TWO – BUSINESS OF THE MEETING

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the financial year ended March 31, 2006 and the auditors' report thereon, which are contained in the Corporation's 2006 Annual Report to Shareholders, will be placed before the shareholders of the Corporation at the Meeting.

ELECTION OF DIRECTORS

The articles of the Corporation provide that the board of directors of the Corporation shall consist of not less than three and not more than 20 directors to be elected annually. Seven directors will be elected at the Meeting. Each director will hold office until the next annual meeting or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Corporation's by-laws.

The following table and the notes thereto disclose (i) the name of each person proposed to be nominated for election as a director; (ii) all positions and offices with the Corporation now held by him; (iii) his principal occupation; (iv) his period of service as a director of the Corporation; and (v) the approximate number of common shares of the Corporation beneficially owned by him or over which he exercises, directly or indirectly, control or direction as at July 14, 2006. Proxies in favour of management nominees will be voted **FOR** the election of the proposed nominees in the absence of directions to the contrary from the shareholders appointing them. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the person named in the enclosed form of proxy reserves the right to vote for another nominee in his discretion. All of the nominees currently serve as directors of the Corporation and their terms of office are to expire upon the termination of the Meeting. The information below as to the number of common shares of the Corporation owned by nominees for election as directors is not within the knowledge of management and has been furnished by the nominees.

Name	Office Held	Principal Occupation	Date First Elected/Appointed	No. Of Shares
DR. RÉGENT L. BEAUDET ^{(1) (2)} Québec, Canada	Director	Chairman and Chief Executive Officer of Beaudet Group Inc. (owner and operator of golf courses in Québec)	March 21, 2003	5,000 ⁽³⁾
DR. MICHAEL GUERRIERE ^{(1) (2)} Ontario, Canada	Director	Managing Partner, Courtyard Group Ltd. (provider of information management services in healthcare)	September 21, 2000	Nil ⁽⁴⁾
ALLAN D. LIN Ontario, Canada	Chief Executive Officer and Director	Chief Executive Officer of the Corporation	April 2, 2002	2,500,000 ⁽⁵⁾
CYRUS MADON ⁽²⁾ Ontario, Canada	Chairman of the Board and Director	Managing Partner, Brookfield Asset Management Inc. (asset manager)	December 24, 2001	Nil ⁽⁶⁾
GEORGE E. MYHAL Ontario, Canada	Director	Managing Partner and Chief Operating Officer, Brookfield Asset Management Inc. (asset manager)	February 13, 2003	Nil ⁽⁷⁾
RUBIN I. OSTEN ⁽¹⁾ Ontario, Canada	Director	President and Chief Executive Officer of Raspberry Investment Corporation, (investment and consulting services)	January 11, 2002	Nil ⁽⁴⁾
JAMES REID Alberta, Canada	Director	Senior Vice-President, Brookfield Asset Management Inc. (asset manager)	December 24, 2001	Nil ^{(4) (8)}

Notes:

- (1) Member of the audit committee. Rubin Osten is the chairman of this committee.
- (2) Member of the nominating, governance and compensation committee. Cyrus Madon is the chairman of this committee.
- (3) This director was granted options to purchase 150,000 common shares at an exercise price of \$0.25 per share on March 21, 2003.
- (4) Each of these directors was granted options to purchase 150,000 common shares at an exercise price of \$0.25 per share on June 3, 2002.

- (5) Mr. Lin acquired these 2,500,000 common shares of the Corporation on June 26, 2003, under the Corporation's Share Purchase Plan. Mr. Lin was granted options to purchase 4,000,000 common shares at an exercise price of \$0.25 per share on September 26, 2002. Mr. Lin was granted options to purchase an additional 946,135 common shares at an exercise price of \$0.18 per share on April 14, 2003, options to purchase 53,865 common shares at an exercise price of \$0.32 on June 26, 2003, and options to purchase 200,000 common shares at an exercise price of \$0.38 on July 22, 2004.
- (6) Mr. Madon owns, directly and indirectly, 30,007 Class A Limited Voting Shares of Brookfield and 622,500 options issued by Brookfield.
- (7) Including Class A Limited Voting Shares of Brookfield held, directly and indirectly, through Partners Limited (see "Principal Holders of Voting Securities"), Mr. Myhal owns 4,544,277 Class A Limited Voting Shares of Brookfield as well as 1,528,305 options and warrants issued by Brookfield.
- (8) Mr. Reid owns, directly and indirectly, 6,975 Class A Limited Voting Shares of Brookfield and 281,250 options issued by Brookfield.

All of the persons named above were elected members of the board of directors at the last annual meeting.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Corporation, no director or executive officer of the Corporation is or has been, in the last 10 years, a director or executive officer of a company that, while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, was the subject of a cease trader order, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, except for Mr. Myhal who was, but is no longer, a member of the board of directors of AT&T Canada, which filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) in 2004.

APPOINTMENT AND REMUNERATION OF AUDITORS

Proxies received in favour of management will be voted in favour of the appointment of Deloitte & Touche LLP, Chartered Accountants, Montréal, as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix their remuneration unless the shareholder has specified in the proxy that his shares are to be withheld from voting in respect thereof. Deloitte & Touche LLP was first appointed as auditors of the Corporation on February 6, 1995.

PART THREE - COMPENSATION OF EXECUTIVE OFFICERS

COMPOSITION OF THE COMPENSATION COMMITTEE

The following individuals were appointed as members of the nominating, governance and compensation committee (the "compensation Committee") of the board of directors of the Corporation when the committee was first established on July 15, 2005, and have served on the committee since that date: Cyrus Madon, who is the committee's chairman, Dr. Régent L. Beaudet and Dr. Michael Guerriere. None of the members of the committee is an employee, officer or former officer of the Corporation or any of its subsidiaries. Cyrus Madon is also the chairman of the board of directors of the Corporation and is an executive officer or management member of Brookfield, the principal shareholder of the Corporation.

REPORT ON EXECUTIVE COMPENSATION

Compensation Philosophy

Executive compensation has been designed to recognize and reward individual performance and to provide compensation levels which are competitive with businesses in Canada of comparable size and operations. The focus of the Corporation's compensation policies is to:

- (i) strengthen the relationship between compensation and enhancement of shareholder value by focusing on variable compensation, such as annual performance incentives and ownership of common shares, primarily by using options for acquiring common shares of the Corporation;

- (ii) enhance the Corporation's ability to attract, encourage and retain knowledgeable and experienced executives; and
- (iii) balance the short-term and long-term business and financial goals of the Corporation.

The key components of executive compensation are base salary, a short-term incentive comprised of cash bonus awards and long-term incentives comprised primarily of stock option incentives, which are reviewed annually based on job performance as well as corporate performance and external competitive practices.

Cash compensation (salary and bonus) is the primary form of executive compensation, and receives the most emphasis in terms of executive compensation. The weight allocated to long-term incentives (stock option incentives) is based on a consideration of each executive's anticipated ability to influence the long-term growth and performance of the business, with the objective to strengthen the relationship between compensation and enhancement of shareholder value. The chief executive officer and the president are considered to have the highest influence on the long-term performance of the business. Accordingly, in addition to short-term cash compensation (salary and bonus), they receive the largest allocation of stock options. Other executive officers receive allocations of long-term incentives based on their anticipated level of influence in directing the future of the organization. In granting new stock options during the financial year ended March 31, 2006, the number and terms of outstanding stock options were also taken into account. There is no relationship between the Corporation's historical performance and the number of stock options granted. No SARs, or shares or units subject to restrictions on resale or other incentives are granted. A Share Purchase Plan under which common shares may be purchased by executive officers exists. The board of directors determines the individuals entitled to purchase shares under the plan, and the financial assistance, if any, that the Corporation will provide by way of loans to assist in the purchase of the shares. To date, only the chief executive officer has been given the opportunity to purchase shares under the Share Purchase Plan.

Cash bonuses are calculated as a percentage of base salary. The bonus for the chief executive officer is established by the board of directors. Bonus rates for all other executive officers are established by the chief executive officer, with the approval of the board of directors. Rates vary by position and can range from 10% to 50% of base salary, depending on function, department or a combination of both. A portion of the bonus is based on the Corporation achieving cash flow and new sales order targets similar to those established below for the chief executive officer, and the remaining bonus is based on the achievement by the executive of individual strategic objectives. In the case of executive officers other than the chief executive officer, the portion of the bonus based on corporate targets is in the range of 20%-40% and the portion of the bonus based on individual objectives is in the range of 60%-80%.

Chief Executive Officer's Compensation for the Financial Year Ended March 31, 2006

The components of the compensation of the chief executive officer (Mr. Lin) for the financial year ended March 31, 2006, were base salary, car allowance and a bonus. The base salary of the chief executive officer was established by Mr. Lin's employment agreement with the Corporation entered into on March 31, 2002 at \$300,000 per annum, and was increased to its current level of \$325,000 per annum on April 1, 2003. Mr. Lin's car allowance is \$1,500 per month.

The components of the compensation of the chief executive officer were initially established having regard to the conclusions of a report prepared by William M. Mercer (Mercer), a human resources consulting firm, commissioned by the board of directors in 2001. Mercer conducted a market assessment of total direct compensation paid to the top two executives at that time (i.e., the chief executive officer and chief financial officer). Thirty-four companies in the technology-software industry were identified, and of this group, ten were considered to have the most relevance based on size, business and the fact that they were publicly traded companies. The chief executive officer's compensation was set based on the upper end of the companies considered.

Pursuant to the terms of his employment agreement, the chief executive officer was granted 4,000,000 options on September 26, 2002 at an exercise price of \$0.25. These options vest over five years at the rate of 800,000 and expire on September 25, 2012. Also pursuant to his employment agreement, the chief executive officer was granted an additional 1,000,000 options following his first anniversary with the Corporation. This grant was comprised of 946,135 options at an exercise price of \$0.18 and 53,865 options at an exercise price of \$0.32; these options also vest over five years and expire ten years after the grant date. Subsequently, the board approved a further grant of 200,000 options on July 22, 2004 at an exercise price of \$0.38. This grant vests over five years and expires on July 21, 2014. Taking into account the number of stock options held by Mr. Lin, no stock options were granted to him in the financial year ended March 31, 2006.

Also pursuant to his employment agreement, the chief executive officer is entitled to consideration for a performance bonus as determined at the discretion of the board of directors of the Corporation to a maximum of 50% of his base salary. A bonus in an amount equal to approximately 41% of his base salary has been approved for achieving specified corporate financial targets and individual objectives. 60% of the total bonus relates to the achievement of corporate financial targets, while 40% of the bonus relates to achievement of individual objectives. Mr. Lin did not receive a bonus for the financial year ended March 31, 2005.

The corporate financial targets for the financial year ended March 31, 2006 were as follows. The percentage indicated at the end of each refers to the weight assigned to the measure in determining the portion of the bonus relating to achievement of corporate financial targets.

- Achieve a Free Cash Flow (FCF) margin of 10% on revenue, with recognition to be given for FCF in excess of \$2.4 million. FCF is defined as EBITDA less capital expenditures and capitalized items and excluding gains on asset/business division sales out of the ordinary course of business. For the financial year ended March 31, 2006, FCF excluded provisions for restructuring. (50%)
- Achieve budgeted new sales orders of \$17.4 million, with recognition to be given for new sales orders in excess of \$14.3 million (being the previous year's new sales orders). (40%)
- Achieve a minimum \$8.3 million in new sales orders outside Québec. (10%)

For the financial year ended March 31, 2006, Mr. Lin's achievements of the pre-determined objectives were as follows:

- FCF for the financial year ended March 31, 2006 was \$3.1 million which was slightly less than the target.
- With respect to new sales orders, the Corporation achieved \$19.5 million, which exceeded the target and represented a 36% increase over the previous year.
- New sales orders outside of Québec were \$8.6 million, which exceeded the target and represented an increase of 80% over the previous year.

For the financial year ended March 31, 2006, Mr. Lin's personal objectives were as follows

- Minimize payroll cost where possible by reducing the workforce to 295 employees and consultants by March 31, 2006. This objective was substantially met in that the workforce consisted of 297 employees and consultants as of March 31, 2006.
- Reorganize the employees and consultants providing support services and professional services into two separate operations groups, with separate budgets and reporting so as to better monitor performance. This objective was met in that a separate support services group was created under a new manager and a separate budgeting and reporting system was implemented.
- Develop a new product (MediAccess) within the human capital management suite by passing quality assurance testing and being installed as a beta site with a Québec based customer by March 31, 2006. This objective was met.

Taking into account Mr. Lin's performance as described above, the Corporation's nominating, governance and compensation committee at its meeting on June 20, 2006 awarded Mr. Lin a bonus in the amount of \$132,000.

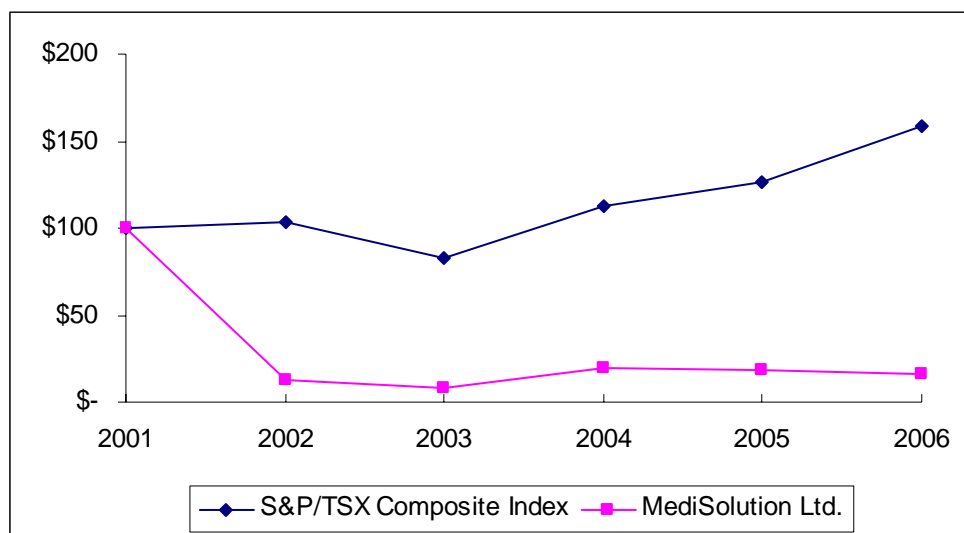
The foregoing report is submitted by the nominating, governance and compensation committee, which is comprised of the following members:

Dr. Régent L. Beaudet
Dr. Michael Guerriere
Cyrus Madon (Chairman)

PERFORMANCE GRAPH

The following graph compares the total cumulative yield of a \$100 investment in the common shares of the Corporation made on March 31, 2001 and the cumulative performance of the S&P/TSX Composite Index on the Toronto Stock Exchange for the last five fiscal years.

**Comparison of Cumulative Total Return
between MediSolution Ltd. and S&P/Composite Index for March 31, 2001-March 31, 2006**



SUMMARY COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets out the compensation paid or payable (a) to the Corporation's chief executive officer and chief financial officer, (b) to the Corporation's three most highly compensated executive officers, other than the chief executive officer and chief financial officer, who were serving as executive officers at the end of the Corporation's most recently completed financial year and whose total salary and bonus exceeds \$150,000, and (c) to one additional individual who was among the Corporation's three most highly compensated executive officers, other than the chief executive officer and the chief financial officer, and whose total salary and bonus exceeded \$150,000 in the 2006 financial year but who was not serving as an executive officer at the end of the Corporation's most recently completed financial year. The compensation paid to such individuals (collectively, the "Named Executive Officers") is set out, in each case, for services rendered during the financial years ended March 31, 2004, March 31, 2005 and March 31, 2006.

Name and Principal Position	Annual Compensation				Long Term Compensation Awards
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#)
ALLAN D. LIN Chief Executive Officer	2006	325,000	132,000	— ⁽³⁾	—
	2005	325,000	—	— ⁽³⁾	200,000
	2004	325,000	138,250	— ⁽³⁾	1,000,000
PAUL ROCHE Senior Vice President and Chief Financial Officer	2006	178,000	47,000	— ⁽³⁾	150,000
	2005	178,000	29,817	— ⁽³⁾	275,000
	2004	176,667	36,935	— ⁽³⁾	100,000
PAUL LEPAGE ⁽¹⁾ President and Chief Operating Officer	2006	243,943	100,000	— ⁽³⁾	600,000
	2005	145,645	32,150	— ⁽³⁾	900,000
	2004	—	—	— ⁽³⁾	—
LUC GAGNON ⁽²⁾ Chief Information Officer	2006	177,841	44,149	— ⁽³⁾	200,000
	2005	77,307	14,472	— ⁽³⁾	125,000
LOUISE CARDINAL Senior Vice President Sales, Québec	2006	172,067	12,334	— ⁽³⁾	—
	2005	170,000	15,763	— ⁽³⁾	160,000
	2004	168,550	69,700	— ⁽³⁾	50,000
PAUL HILL ⁽⁴⁾ Executive Vice President, Sales and Marketing	2006	156,807	—	— ⁽³⁾	—
	2005	210,000	23,417	— ⁽³⁾	200,000
	2004	192,500	64,625	— ⁽³⁾	600,000

Notes:

- (1) Mr. Lepage became an executive officer in July 2004.
- (2) Mr. Gagnon became an executive officer in September 2004.
- (3) No greater than \$50,000 and 10% of the total annual salary and bonus of the Named Executive Officer for the year.
- (4) Mr. Hill ceased to be an executive officer on January 26, 2006.

Option/SAR Grants During the Financial Year Ended March 31, 2006

The following table sets forth individual grants of stock options during the financial year ended March 31, 2006 to the Named Executive Officers.

Name	Securities ⁽¹⁾ under Options/SARS Granted (#)	% of Total Options/SARS Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARS on the Date of Grant (\$/Security)	Expiration Date
Allan D. Lin	—	—	—	—	—
Paul Roche	150,000	14.3%	\$0.235	\$0.235	November 7, 2015
Paul Lepage	400,000	38.1%	\$0.235	\$0.235	November 7, 2015
Paul Lepage	200,000	19.0%	\$0.400	\$0.400	June 19, 2015
Luc Gagnon	200,000	19.0%	\$0.235	\$0.235	November 7, 2015
Louise Cardinal	—	—	—	—	—
Paul Hill	—	—	—	—	—

Note:

- (1) The underlying securities are common shares of the Corporation.

Options Exercised and Aggregates Remaining at Year-end

The following table provides detailed information regarding options exercised by the Named Executive Officers and options held by the Named Executive Officers as at March 31, 2006:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at March 31, 2006		Value of Unexercised in-the-Money Options at March 31, 2006 ⁽¹⁾	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Allan D. Lin	—	—	2,840,000	2,360,000	\$304,984	\$257,475
Paul Roche	—	—	230,000	520,000	\$13,500	\$26,250
Paul Lepage	—	—	180,000	1,320,000	—	\$46,000
Luc Gagnon	—	—	25,000	300,000	—	\$23,000
Louise Cardinal	—	—	202,000	258,000	\$15,000	\$10,000
Paul Hill	—	—	280,000	520,000	—	—

Note:

- (1) The value of unexercised in-the-money options at March 31, 2006 is the difference between the options exercise price and the closing price of the Corporation's common shares on the Toronto Stock Exchange on March 31, 2006. The closing price of the common shares on March 31, 2006 was \$0.35 per share.

Employment Agreements

Mr. Allan D. Lin

On March 31, 2002, the Corporation entered into an employment agreement with Mr. Lin pursuant to which Mr. Lin was appointed chief executive officer. Mr. Lin receives a base salary (which is reviewed annually) and is eligible to receive a bonus of up to 50% of his base salary, subject to assessed performance. As contemplated in his employment agreement, Mr. Lin was granted options on September 26, 2002 to purchase 4,000,000 common shares at an exercise price of \$0.25 per share, which options vest as to 20% per year over five years. Mr. Lin was also granted options on April 14, 2003 to purchase 946,135 common shares at an exercise price of \$0.18 per share and granted options on June 26, 2003 to purchase 53,865 common shares at an exercise price of \$0.32 per share, in each case vesting as to 20% per year over five years. Also as contemplated in his employment agreement, Mr. Lin exercised a right to borrow \$800,000 from the Corporation to purchase an aggregate 2,500,000 common shares of the Corporation on June 26, 2003 pursuant to the Corporation's Share Purchase Plan at an issue price of \$0.32 per share. On July 22, 2004, Mr. Lin received options to purchase 200,000 common shares at an exercise price of \$0.38 per share.

Mr. Paul Roche

The Corporation entered into an employment agreement with Mr. Roche on October 28, 2002. Pursuant to the terms of his agreement, Mr. Roche receives a base salary of \$178,000 (which is reviewed annually) and is eligible to receive a bonus of up to 35% of his base salary, subject to assessed performance.

Mr. Paul Lepage

The Corporation entered an employment agreement with Mr. Lepage on July 28, 2004. Pursuant to the terms of his agreement, Mr. Lepage receives a base salary of \$250,000 (which is reviewed annually) and is eligible to receive a bonus of up to 50% of his base salary subject to assessed performance.

Mr. Luc Gagnon

The Corporation entered into an employment agreement with Mr. Gagnon on September 27, 2004. Pursuant to the terms of his agreement, Mr. Gagnon receives a base salary of \$170,000 (which is reviewed annually) and is eligible to receive a bonus of up to 35% of his base salary, subject to assessed performance.

Ms. Louise Cardinal

The Corporation entered into an employment agreement with Ms. Cardinal on August 15, 1989. Under the terms of her agreement as at March 31, 2005, Ms. Cardinal receives a base salary of \$172,500 (which is reviewed annually) and is eligible to receive commissions and bonuses of up to 65% of her base salary, subject to sales results and assessed performance.

Compensation of Directors

Each director who is not an employee of the Corporation or an employee of a significant shareholder of the Corporation is entitled to an annual retainer of \$20,000 for board services. The chair of each board committee is entitled to receive an additional annual retainer of \$5,000. For the 2006 financial year, an aggregate of \$65,000 were paid or are payable to the directors as a group pursuant to the above arrangement. Directors of the Corporation are also eligible to receive grants of stock options under the Corporation's Stock Option Plan.

PART FOUR – EQUITY COMPENSATION PLANS INFORMATION

The following table provides information as of March 31, 2006 with respect to shares of the Corporation that may be issued under all equity compensation plans of the Corporation.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a)) (c)
Equity compensation plans approved by security holders	12,535,000 ⁽¹⁾	\$0.28	10,702,507
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	12,535,000	\$0.28	10,702,507

Note:

(1) Of this number 3,202,542 common shares remain available under the Corporation's Stock Option Plan and the balance remain available under the Corporation's Share Purchase Plan. Reference is made to "Stock Option Plan" and to "Share Purchase Plan" below for a description of the plans.

Subsequent to March 31, 2006, the Corporation issued 700,000 options, 150,000 options were exercised and 835,000 options expired or were cancelled.

Stock Option Plan

The Corporation has a Stock Option Plan (the "SOP") which provides for the granting of options to purchase common shares to employees (including executive officers) and other service providers. The SOP is an important part of the Corporation's compensation program, which is designed to motivate employees to enhance shareholder value as well as retain the services of existing employees and attract talented personnel in a competitive employment market.

The SOP has the following features:

1. Eligible participants under the SOP include employees, officers and directors of the Corporation and its affiliates and other service providers of the Corporation and its subsidiaries;
2. A maximum of 10% of the issued and outstanding common shares of the Corporation (calculated on a non-diluted basis) from time to time are available for issuance under the SOP. Any increase in the issued and outstanding common shares will result in an increase in the available number of common shares issuable under the SOP, and any exercise of options will make new grants available under the SOP. Any options that expire unexercised or are otherwise surrendered, cancelled or terminated will make new grants available under the SOP;
3. Options for the purchase of a total of 12,535,000 common shares (representing 8% of the issued and outstanding common shares of the Corporation as of July 14, 2006) are outstanding and options for the purchase of 3,202,507 additional common shares (representing 2% of the issued and outstanding common shares of the Corporation as of July 14, 2006) are available for grant under the SOP;
4. The maximum number of common shares in respect of which grants may be made to any one individual, together with any common shares reserved for issuance to such individual under any other stock option plan arrangements, may not exceed 5% of the issued and outstanding common shares of the Corporation;
5. The price at which options will be granted will not be less than the closing price of the common shares on the Toronto Stock Exchange on the trading date immediately preceding the date of grant;
6. Options vest at such times as the board of directors may determine at the time of grant, provided that the board or committee may, in their discretion, subsequent to the time of grant, advance the date on which an option may be exercised;
7. The term of an option cannot exceed 10 years from the date of grant;
8. The SOP provides that unless the board of directors or committee provide otherwise in an option agreement, options terminate immediately upon an optionee ceasing to be an eligible participant. The board of directors or committee may, at the time of grant, include a provision in an option agreement that in the event of the termination of an optionee's employment by reason of retirement, unexercised options may be exercised not later than six months after such retirement and if an optionee's employment is terminated for reasons other than for cause, unexercised options may be exercised not later than 90 days after such termination, but in no event after the expiry date;
9. Options are non-assignable except in limited circumstances;
10. The board of directors may amend the SOP, subject to the prior approval of the Toronto Stock Exchange. The Toronto Stock Exchange may require shareholder approval for certain amendments, and
11. The SOP does not provide for any financial assistance to participants to facilitate the purchase of options under the SOP.

Share Purchase Plan

The Share Purchase Plan was adopted by the shareholders on September 26, 2002 and amended on September 8, 2005. The Corporation's Share Purchase Plan (the "SPP") has the following features:

1. Eligible participants under the SPP include employees and officers of the Corporation and its subsidiaries;

2. A maximum of 10,000,000 common shares of the Corporation are available for issuance under the SPP (representing approximately 6.3% of the issued and outstanding common shares of the Corporation as of July 14, 2006). Shares may be issued from treasury or, subject to applicable laws, may be purchased by the Corporation as trustee in the open market;
3. A total of 2,500,000 common shares (representing approximately 1.6% of the issued and outstanding common shares of the Corporation as of July 14, 2006) have been issued under the SPP, leaving 7,500,000 additional common shares (representing approximately 4.7% of the issued and outstanding common shares of the Corporation as of July 14, 2006) available for issuance under the SPP;
4. The price at which shares will be issued under the SPP will not be less than the closing price of the common shares on the Toronto Stock Exchange on the trading day immediately preceding the date of grant of the right to purchase the common shares in the case of common shares issued from treasury and will be equal to the price at which common shares are purchased by the Corporation as trustee in the case of common shares purchased in the open market;
5. Rights to purchase common shares are non-assignable;
6. The board of directors of the Corporation may amend, vary, or discontinue the SPP, subject to the prior approval of the Toronto Stock Exchange. The Toronto Stock Exchange may require shareholder approval for certain amendments; and
7. The board of directors of the Corporation may, in its sole discretion, authorize the making of a loan to finance the purchase price of common shares issued under the SPP. Loans shall bear interest at Prime and shall be calculated and payable monthly. Loans shall be on a full recourse basis, shall be evidenced by a promissory note and shall have a term of not more than five years from the making thereof. If an eligible participant should cease to be an employee or officer of the Corporation or a subsidiary of the Corporation, each loan made to that person shall be due and payable in full on the earlier of the maturity date and the date on which such person so ceased to be an employee of the Corporation or a subsidiary of the Corporation. Despite the foregoing, the board of directors of the Corporation has the right in its sole discretion to determine the terms and conditions of loans made under the SPP. The Corporation shall hold as security for a loan made to an eligible participant all the common shares purchased by the eligible participant with the proceeds of the loan.

PART FIVE – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators requires the Corporation to disclose, on an annual basis, its approach to corporate governance with reference to the governance guidelines provided in National Policy 58-201 – *Corporate Governance Guidelines*, both of which came into force on June 30, 2005. The following is a summary of the Corporation's governance practices.

1. Board of Directors

(a) *Disclose the identity of directors who are independent.*

For this purpose, "independence" is to be determined in accordance with the definition in Multilateral Instrument 52-110 – *Audit Committees*. The board currently consists of seven members, of which three (Dr. Régent L. Beaudet, Dr. Michael Guerriere and Rubin I. Osten) are independent. While the board considers that the interests of three other directors (Cyrus Madon, George E. Myhal and James Reid) are fully aligned with the interests of minority shareholders, and that they act independently of management, the current definition of "independence" suggests that they are not independent. The seventh director (Allan D. Lin) is not independent as he is the chief executive officer of the Corporation.

- (b) ***Disclose the identity of directors who are not independent, and describe the basis for that determination.***

Cyrus Madon, George E. Myhal and James Reid are not independent within the current definition of “independence” because each of them is an executive officer or managing member of Brookfield, the principal shareholder of the Corporation.

Allan D. Lin is not independent because he is the chief executive officer of the Corporation.

- (c) ***Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.***

While a majority of the directors are not independent within the current definition of “independence”, the board does not believe that it lacks independent judgment in carrying out its responsibilities of overseeing the management of the Corporation’s business and affairs, which is conducted by the officers and employees of the Corporation. Only one of the directors is an officer of the Corporation. The board discharges its oversight responsibilities directly and through committees. The audit committee is comprised solely of independent directors, while the nominating, governance and compensation committee is comprised of a majority of independent directors.

- (d) ***If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.***

The following directors are also directors of other reporting issuers, as indicated beside their names:

<u>Name</u>	<u>Issuer</u>
George E. Myhal	Royal LePage Franchise Services Fund
Rubin I. Osten	Movie Distribution Income Fund Park Avenue Investment Corporation

- (e) ***Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.***

Although the independent directors hold informal meetings at which non-independent directors and members of management are not in attendance, the independent directors have not held regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Open and candid discussion among independent directors has taken place at informal meetings amongst the independent directors.

- (f) ***Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.***

The chair is not independent within the current definition of “independence” in that the chair is an executive officer or managing member of Brookfield, and the board does not have a lead director. Given the number of independent directors, the board is of the view that the independent directors are capable of acting without a formal leader.

- (g) ***Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.***

Name	Number of Board Meetings Attended
Dr. Régent L. Beaudet	6 out of 7
Dr. Michael Guerriere	6 out of 7
Allan D. Lin	7 out of 7
Cyrus Madon	7 out of 7
George E. Myhal	4 out of 7
Rubin I. Osten	6 out of 7
James Reid	3 out of 7

2. Board Mandate

The responsibilities of the board are set out in a written mandate that has recently been adopted. The mandate of the board is set out in Schedule A of this Circular.

3. Position Descriptions

- (a) ***Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.***

The board has not developed written position descriptions for the chair or the chair of each board committee. However, there is an established role for the chair in that he, in consultation with the chief executive officer and chief financial officer of the Corporation, prepares the agenda for each meeting of the board and works with the chief executive officer and chief financial officer to monitor progress on strategic planning. There is also an established role for the chair of the audit committee and, in the case of the chair of the nominating, governance and compensation committee, a developing role given that it was more recently established. The chairs of the committees are expected to take a leadership role with respect to the activities of such committees and to ensure that the committees are taking the steps necessary to fulfill their respective mandates.

- (b) ***Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.***

The board has developed a written position description for the chief executive officer of the Corporation. The chief executive officer of the Corporation provides leadership of the Corporation and, subject to approved policies and direction of the board of directors, manages the business and affairs of the Corporation and oversees the execution of its strategic plan. In addition, the chief executive officer is responsible for the following functions: presenting to the board for approval an annual strategic plan for the Corporation; presenting to the board for approval the capital and operating plans to implement approved strategies on an ongoing basis; acting as the primary

spokesperson for the Corporation to all stakeholders; presenting to the board for approval an annual assessment of senior management and succession plans; recommending the appointment or termination of any officer of the Corporation other than the chairman; and, together with the chief financial officer, ensuring that controls and procedures are in place to ensure the accuracy and integrity of the Corporation's financial reporting and public disclosures.

4. Orientation and Continuing Education

(a) Briefly describe what measures the board takes to orient new directors regarding

- (i) the role of the board, its committees and its directors, and**
- (ii) the nature and operation of the issuer's business.**

The Corporation does not have a formal process of orientation for new directors. However, at all regular board meetings there is a discussion of the business of the Corporation which provides new and existing directors with an overview of the Corporation's operations. From time to time, corporate officers and financial and other experts are invited to attend board meetings to describe matters in their areas of expertise. The role and responsibilities of the board, its committees and its directors are an ongoing matter of discussion at board meetings and directors are free to consult legal counsel with respect to such matters.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations as directors.

While the Corporation does not have a formal continuing education program for its directors, it is expected that continuing education activities will be tailored to the particular needs and experience of each director and the overall needs of the board, on an as needed basis.

5. Ethical Business Conduct

(a) Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code:

- (i) disclose how an interested party may obtain a copy of the written code;**
- (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board ensures compliance with its code; and**
- (iii) provide a cross-reference to any material change report filed since the beginning of the most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

The board of directors first adopted a Code of Business Conduct (the "Code") for the directors, officers and employees of the Corporation in September 2004. A copy of the Code is available on the Corporation's web site. The Code is reviewed annually by the board of directors. Compliance with the Code is monitored by requiring all directors, officers and employees to indicate in writing their familiarity with the Code and their agreement to comply with it on an annual basis.

- (b) ***Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.***

In accordance with the *Business Corporations Act* (Ontario), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the board may be formed to deliberate on such matters in the absence of the interested party.

- (c) ***Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.***

The board has also adopted a “Whistleblower Policy” wherein employees of the Corporation are provided with the mechanics by which they may raise concerns in a confidential, anonymous process.

6. Nomination of Directors

- (a) ***Describe the process by which the board identifies new candidates for board nomination.***

The nominating, governance and compensation committee is responsible for recommending suitable candidates as nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the board and governing the desirable characteristics for directors. In making such recommendations, the nominating, governance and compensation committee is to consider: (i) the competencies and skills that the board considers to be necessary for the board as a whole to possess; (ii) the competencies and skills that the board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the board; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the board.

- (b) ***Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.***

The nominating, governance and compensation committee is comprised of two independent directors (Dr. Régent L. Beudet and Dr. Michael Guerriere) and one non-independent director (Cyrus Madon), who is also the chairman of the committee. The board believes that its process is objective in that a majority of its members are independent and none of the committee members are employees of the Corporation.

- (c) ***If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.***

It is the responsibility of the nominating, governance and compensation committee to periodically assess the size and composition of the board and its committees, to review the effectiveness of the board and its relations with management, to assess the performance of the board, its committees and individual directors, to review the Corporation’s statement of corporate governance practices, and to review and recommend directors’ compensation.

The nominating, governance and compensation committee is also responsible for reviewing the credentials of nominees for election or appointment to the board and for recommending candidates for board membership. Candidates are assessed in relation to the criteria established by the board

to ensure it has the appropriate mix of talents, quality, skills and other board requirements necessary to promote sound governance and an effective board. The committee met two times during the financial year ended March 31, 2006.

7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The nominating, governance and compensation committee formulates and makes recommendations to the board in respect of compensation for the directors and officers of the Corporation.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The nominating, governance and compensation committee is comprised of two independent directors (Dr. Régent L. Beaudet and Dr. Michael Guerriere) and one non-independent director (Cyrus Madon), who is also the chairman of the committee. The board believes that its processes are objective in that a majority of its members are independent and one of its main goals is to strengthen the relationship between compensation and enhancing shareholder value.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The nominating, governance and compensation committee is responsible for reviewing and reporting to the board on succession planning and proposed senior management appointments, the job descriptions and annual objectives of its senior executives, the form of compensation in general and the levels of compensation for senior management. The committee also reviews the performance of senior management against the annual objectives and reports to the board in respect thereof during the financial year ended March 31, 2006.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The board has no standing committees other than the audit committee and the nominating, governance and compensation committee.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that it, its committees, and individual directors are performing effectively.

The nominating, governance and compensation committee is responsible by its terms of reference to evaluate the effectiveness of the board, its committees and individual directors. Given the relative size of the Board and its committees, assessments as to the efficiency of the Board and its committees are done on an informal basis.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

In accordance with a commitment made by the Corporation to Mr. Allan D. Lin of Toronto, Ontario in his employment agreement, which was entered into on April 1, 2002, the Corporation granted Mr. Lin a five-year loan under the Share Purchase Plan in the amount of \$800,000 pursuant to the terms and conditions set out in a promissory note secured by a pledge of the securities. The loan was utilized to purchase 2,500,000 common shares of the Corporation at an issue price of \$0.32 per share. The loan is repayable at the earlier of (i) the date the shares are sold, (ii) at the maturity date of the loan, or (iii) if Mr. Lin ceases to be an employee of the Corporation. Interest on the principal of the loan is calculated and payable monthly at the prime rate established by a Canadian chartered bank and after the maturity date, at a rate equal to the prime rate plus 2%. At July 14, 2006, the principal amount outstanding is \$800,000.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Corporation maintains directors' and officers' liability insurance coverage against liability incurred by directors or officers of the Corporation and/or its subsidiaries serving in such capacities. The current annual coverage limit for the Corporation and its subsidiaries is \$10,000,000. There is a deductible of \$50,000. The most recent annual premium paid by the Corporation under this coverage was \$65,000, no part of which is payable by the directors or officers of the Corporation. Subject to the limitations contained in the *Business Corporations Act* (Ontario), a director or officer is also entitled to indemnification by the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this Circular, no person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year or any associate of any such director or officer 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.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

No director, senior officer or holder of more than 10% of the issued and outstanding common shares or any associate or affiliate of any such person has any material interest, direct or indirect, in any transaction since the beginning of the Corporation's financial year ended March 31, 2006 or in any proposed transaction that has affected or will materially affect the Corporation or any of its affiliates.

ADDITIONAL DOCUMENTATION

Financial information about the Corporation is contained in the Corporation's comparative consolidated financial statements and management's discussion and analysis for the financial year ended March 31, 2006 and may be obtained upon request to the Corporation at 110 Crémazie Blvd. West, 12th Floor, Montréal, Québec, H3P 1B9, Attention: Corporate Secretary, by telephone at 514-850-5000 or by facsimile at 514-850-5006. These documents are also available on SEDAR at www.sedar.com.

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

GENERAL

The management of the Corporation knows of no matters to come before the Meeting of shareholders other than as set forth in the Notice. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.** Information contained in this Circular is given as at July 14, 2006, unless otherwise stated.

The board of directors of the Corporation has approved the contents of this Circular and its mailing to the shareholders.

DATED the 14th day of July 2006.

A handwritten signature in black ink, appearing to read "Cyrus Madon", followed by a period.

Cyrus Madon
Chairman of the Board

MEDISOLUTION LTD.

CHARTER OF THE BOARD OF DIRECTORS

1. Role of the Board

The role of the board of directors of the Corporation is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the Chief Executive Officer (“CEO”). In doing so, the board acts at all times with a view to the best interests of the Corporation and its shareholders.

The board is elected by the Corporation's shareholders to oversee management, with the objective of advancing the best interests of the shareholders by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which it operates.

2. Authority and Responsibilities

The board meets regularly to review reports by management on the performance of the Corporation. In addition to the general supervision of management, the board performs the following functions:

- a) strategic planning — overseeing the strategic planning process within the Corporation and, at least annually, reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives;
- b) risk assessment — assessing the major risks facing the Corporation and reviewing, approving and monitoring the manner of managing those risks;
- c) CEO — developing the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO;
- d) senior management — overseeing the selection, evaluation and compensation of senior management and monitoring succession planning;
- e) communications and disclosure policy — adopting a communications and disclosure policy for the Corporation, including ensuring the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views;
- f) corporate governance — developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Corporation;
- g) internal controls — reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance; and
- h) maintaining integrity — on an ongoing basis, satisfying itself as to the integrity of the CEO and executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation, including compliance with its Code of Business Conduct.

3. Composition and Procedures

- a) Size of board and selection process — The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The nominating, governance and compensation committee recommends to the full board the nominees for election to the board and the board proposes a slate of nominees to the shareholders for election. Any shareholder may propose a nominee for election to the board either by means of a shareholder proposal upon compliance with the requirements prescribed by the *Business Corporations Act* (Ontario) (“**OBCA**”) or at the annual meeting. The board also recommends the number of directors on the board to shareholders for approval, subject to OBCA approval. Between annual meetings, the board may appoint directors to serve until the next annual meeting.
- b) Qualifications — Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation's activities.
- c) Director orientation — The Corporation's management team is responsible for providing an orientation and education program for new directors.
- d) Meetings — The board has at least four scheduled meetings a year plus one to review the Corporation's strategic plan. The board is responsible for its agenda. Prior to each board meeting, the CEO discusses agenda items for the meeting with the chairman of the board. Materials for each meeting are distributed to the directors in advance of the meetings.

At the conclusion of each regularly scheduled meeting, the independent directors meet without management and related directors present.

- e) Committees — The board has established the following standing committees to assist the board in discharging its responsibilities: audit committee, nominating, governance and compensation committee. Special committees may be established from time to time to assist the board in connection with specific matters. The chair of each committee reports to the board following meetings of the committee. The terms of reference of each standing committee are reviewed annually by the board.
- f) Evaluation — The nominating, governance and compensation committee performs an annual evaluation of the effectiveness of the board as a whole, the committees of the board and the contributions of individual directors. In addition, each committee assesses its performance annually.
- g) Compensation — The nominating, governance and compensation committee recommends to the board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Corporation and aligns the interests of the directors with the best interests of the shareholders.
- h) Access to independent advisors — The board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the chairman of the board, retain an outside advisor at the expense of the Corporation.