



MEDISOLUTION LTD.

**NOTICE OF THE ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

NOTICE is hereby given that the annual and special meeting (the "Meeting") of the shareholders of MediSolution Ltd. (the "Corporation") will be held at the InterContinental Montreal Hotel, 360 Saint-Antoine Street West, Montréal, Québec on Thursday September 8, 2005 at 3:00 p.m. (Eastern Standard Time), for the following purposes:

1. To receive the consolidated financial statements of the Corporation for the financial year ended March 31, 2005 and the report of the auditors thereon, both of which are contained in the Corporation's 2005 Annual Report to Shareholders.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To consider, and if deemed desirable, to pass a resolution authorizing amendments to the Corporation's Stock Option Plan as described in the Management Information Circular;
5. 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, 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9, Attention: Proxy Department, or by facsimile to (416) 368-2502, not later than the close of business on Tuesday, September 6, 2005 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 15th day of July 2005.

By Order of the Board

A handwritten signature in black ink, appearing to read "Cyrus Madon", is written over a horizontal line.

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 and special meeting of shareholders of the Corporation (the "Meeting") to be held on Thursday, the 8th day of September, 2005, 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, 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9, Attention: Proxy Department, or by facsimile to (416) 368-2502, not later than the close of business on Tuesday, September 6, 2005 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; **FOR** the appointment of auditors and authorizing the directors to fix the remuneration of the auditors; **FOR** the resolution authorizing an amendment to the Corporation's Stock Option Plan, 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 2005 annual report (which includes management's discussion and analysis and consolidated financial statements for the financial year ended March 31, 2005) (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 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, 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9 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.

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 15, 2005, the Corporation had outstanding an aggregate of 159,738,596 common shares, each carrying the right to one vote per share. As of July 15, 2005, 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 29, 2005. 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 Brascan Corporation (“Brascan”).

Brascan is a public corporation listed on the Toronto and New York stock exchanges. Brascan’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 45 million Class A Limited Voting Shares, representing approximately 17% of the outstanding Class A Limited Voting Shares of Brascan on a fully diluted basis, and 85,120 Class B Limited Voting Shares, representing 100% of the Class B Limited Voting Shares of Brascan. These shareholdings include Class A Limited Voting Shares held through BNN Investments Ltd., a public company listed on the Toronto Stock Exchange which owns 17.4 million Class A Limited Voting Shares of Brascan. Partners, together with 14 of its shareholders, collectively owns approximately 85% of the common shares of BNN Investments Ltd.

PART TWO – BUSINESS OF THE MEETING

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the financial year ended March 31, 2005 and the auditors' report thereon, which are contained in the Corporation's 2005 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 by management for election as a director; (ii) all other positions and offices with the Corporation and any significant affiliate thereof 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 15, 2005. 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⁾ Montréal, Québec	Director	Chairman and Chief Executive Officer of Beaudet Group Inc. (owner and operator of golf courses in Québec)	March 21, 2003	5,000 ⁽²⁾
DR. MICHAEL GUERRIERE ⁽¹⁾ Toronto, Ontario	Director	Managing Partner, Courtyard Group Ltd. (provider of information management services in healthcare)	September 21, 2000	Nil ⁽³⁾
ALLAN D. LIN Toronto, Ontario	President and Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	April 2, 2002	2,500,000 ⁽⁴⁾
CYRUS MADON Oakville, Ontario	Chairman of the Board and Director	Managing Partner, Brascan Asset Management (financial services)	December 24, 2001	Nil ⁽⁵⁾
GEORGE E. MYHAL Toronto, Ontario	Director	Chief Operating Officer, Brascan Corporation (financial services)	February 13, 2003	Nil ⁽⁶⁾
RUBIN I. OSTEN ⁽¹⁾ Toronto, Ontario	Director	President and Chief Executive Officer of Raspberry Investment Corporation (investment and consulting services)	January 11, 2002	Nil ⁽³⁾
JAMES REID Calgary, Alberta	Director	Senior Vice-President, Brascan Investments (financial services)	December 24, 2001	Nil ⁽³⁾⁽⁷⁾

Notes:

- (1) Member of the Audit Committee. Rubin Osten is the Chairman of this Committee.
- (2) This director was granted options to purchase 150,000 common shares at an exercise price of \$0.25 per share on March 21, 2003.
- (3) 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. Dr. Guerriere also holds options to purchase 100,000 common shares at an exercise price of \$2.37 per share which were granted to him on October 25, 2000.
- (4) 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.

- (5) Mr. Madon owns, directly and indirectly, 27,743 Class A Limited Voting Shares of Brascan and 340,000 options issued by Brascan.
- (6) Including Class A Limited Voting Shares of Brascan held directly and indirectly through Partners Limited and BNN Investments Ltd. (see "Principal Holders of Voting Securities"), Mr. Myhal owns 3,006,284 Class A Limited Voting Shares of Brascan as well as 1,013,513 options and warrants issued by Brascan.
- (7) Mr. Reid owns, directly and indirectly, 4,794 Class A Limited Voting Shares of Brascan and 127,500 options issued by Brascan.

All of the persons named above were elected members of the Board of Directors at the last annual meeting.

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.

AMENDMENTS TO STOCK OPTION PLAN

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

At the Meeting, the shareholders will be asked to consider, and if deemed advisable, approve an ordinary resolution approving an amendment to the Plan. The Plan currently provides that a maximum of 15,000,000 common shares are reserved for issuance and may be issued under the Stock Option Plan. This currently represents 9% of the issued and outstanding shares. At present, 12,655,000 stock options are outstanding, representing 8% of the issued and outstanding shares. The Corporation has 159,738,596 shares issued and outstanding as of July 15, 2005. The board of directors of the Corporation wishes to amend the Plan to delete the reference to a maximum number of common shares issuable or reserved pursuant to the Plan, and provide that the maximum number of common shares issuable under stock options shall be 10% of the issued and outstanding common shares (calculated on a non-diluted basis) from time to time. Any increase in the issued and outstanding common shares will result in an increase in the available number of common shares issuable under the Plan, and any exercise of options will make new grants available under the Plan. As was the case prior to the proposed amendments, any options that expire unexercised or are otherwise surrendered, cancelled or terminated will make new grants available under the Plan. The board of directors also wishes to amend the Plan to effect certain minor amendments of a housekeeping nature.

Accordingly, at the Meeting, the following ordinary resolution will be presented:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of MediSolution Ltd. (the "Corporation"), that:

1. the Stock Option Plan of the Corporation shall be amended as described under the heading "Amendments to Stock Option Plan" in the information circular relating to this Meeting; and
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolution."

Pursuant to the requirements of the Toronto Stock Exchange, the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the shareholders voting in person or by proxy. The votes attached to shares held by insiders entitled to receive a benefit under the Plan will be excluded for purposes of the

foregoing resolution. To the best of the Corporation's knowledge, as at the date hereof, insiders and their associates entitled to receive a benefit under the Plan hold 2,537,900 common shares, representing approximately 1.6 % of the issued and outstanding common shares.

A copy of the Plan (as amended) will be made available to any shareholder upon request. **Unless otherwise directed, it is the intention of the persons designated in the proxy to vote proxies in favour of the above resolution.**

After giving effect to the amendment, the Plan would have the following features:

1. Eligible participants under the Plan 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 Plan;
3. Options for the purchase of a total of 12,655,000 common shares (representing 8% of the issued and outstanding common shares of the Corporation as of July 15, 2005) are outstanding and options for the purchase of 3,318,859 additional common shares (representing 2% of the issued and outstanding common shares of the Corporation as of July 15, 2005) are available for grant under the Plan;
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 Plan 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 Plan, subject to the prior approval of the Toronto Stock Exchange. The Toronto Stock Exchange may require shareholder approval for certain amendments, and
11. The Plan does not provide for any financial assistance to participants to facilitate the purchase of options under the Plan.

PART THREE - COMPENSATION OF EXECUTIVE OFFICERS

REPORT ON EXECUTIVE COMPENSATION

The Board of Directors is responsible for establishing and monitoring levels of salary, short-term incentives and long-term incentives provided to the Named Executive Officers and other executive officers of the Corporation (collectively, the "Senior Officers"). The Board has recently appointed a nominating, governance and compensation committee to, among other things, administer the Corporation's executive compensation program. This committee will have primary responsibility for determining executive remuneration and the review, design and competitiveness of the Corporation's compensation plans. The committee will begin its mandate for the fiscal year ending March 31, 2006. Prior to the formation of this committee, the entire Board was responsible for administering the executive compensation program.

Compensation Philosophy

The compensation policies for Senior Officers of the Corporation have 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 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 Senior Officers' annual compensation are base salary, a short-term incentive plan comprised of cash bonus awards and long-term incentives comprised primarily of stock option incentives. The Board of Directors annually reviews such Senior Officers' (including each of the Named Executive Officer's) base salary, bonus and stock option incentives based on job performance as well as corporate performance and external competitive practices. This review will be performed by the nominating, governance and compensation committee beginning in fiscal 2006.

Cash bonuses are calculated as a percentage of base salary. Bonus rates are established by the President and Chief Executive Officer, with the approval of the Board of Directors. The bonus for the Chief Executive Officer is established by 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 (20% to 40%) is based on the Corporation achieving revenue and profitability targets, and the remaining 60% to 80% of the bonus is based on the achievement by the employee of individual strategic objectives.

The Corporation's long-term incentive plans consist of the following components:

- (a) a Stock Option Plan under which the Corporation grants options to Senior Officers to purchase common shares at a fixed price, being the closing price of the common shares on the Toronto Stock Exchange on the last trading day preceding the date of the grant. Vesting is generally over a number of years ranging from three to five years from the date of grant and options are exercisable for a period of ten years from the date of grant; and
- (b) a Share Purchase Plan under which common shares may be purchased by Senior Officers. The plan provides that the Board is authorized to make all determinations as to the individuals that will be entitled to purchase shares under the plan and to determine the financial assistance, if any, that

will be provided by the Corporation by way of loans to assist in the purchase of shares and the terms and conditions of any such loans. To date, the only individual that has been given the opportunity to purchase shares under the plan is the Chief Executive Officer, Allan D. Lin.

Chief Executive Officer's Compensation for the Financial Year Ended March 31, 2005

In establishing Mr. Lin's compensation as President and Chief Executive Officer of the Corporation, the Board of Directors considered several factors including Mr. Lin's responsibilities, the Corporation's past and anticipated future financial performance and salaries paid to chief executive officers of other companies of comparable size and complexity.

Base salary reviews are conducted annually. For the year ended March 31, 2005, Mr. Lin did not receive a bonus. 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 also 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 per share on July 22, 2004. In accordance with a commitment made by the Corporation to Mr. Lin in his employment agreement, which was entered into on April 1, 2002, the Corporation granted Mr. Lin a five-year loan 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%. In the event that proceeds from any sale of the pledged securities would be insufficient to repay the outstanding principal of the loan, Mr. Lin would be required to pay the Corporation the amount of the deficiency.

The foregoing report is submitted by the Board of Directors, which is comprised of the following members:

Dr. Régent L. Beaudet
Rubin I. Osten
Cyrus Madon

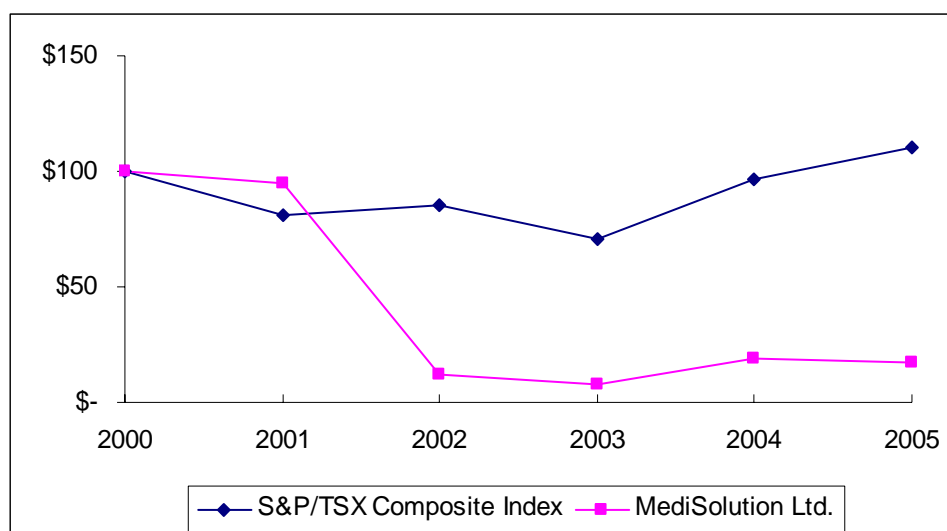
George E. Myhal
James Reid

Dr. Michael Guerriere
Allan D. Lin

PERFORMANCE GRAPH

Comparison of Cumulative Total Return between MediSolution Ltd. and TSX 300 for 2000-2005

The following graph compares the total cumulative yield of a \$100 investment in the common shares of the Corporation made on March 31, 2000 and the cumulative performance of the S&P/TSX Composite Index on the Toronto Stock Exchange for the last five fiscal years.



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, and (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. 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, 2003, March 31, 2004 and March 31, 2005.

Name and Principal Position	Annual Compensation				Long Term Compensation Awards
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#)
ALLAN D. LIN President and Chief Executive Officer	2005	325,000	—	— ⁽⁵⁾	200,000
	2004	325,000	138,250	— ⁽⁵⁾	1,000,000
	2003	300,000	172,500	— ⁽⁵⁾	4,000,000
PAUL HILL ⁽¹⁾ Executive Vice President, Sales and Marketing	2005	210,000	23,417	— ⁽⁵⁾	200,000
	2004	192,500	64,625	— ⁽⁵⁾	600,000
	2003	—	—	— ⁽⁵⁾	—
PAUL ROCHE ⁽²⁾ Senior Vice President and Chief Financial Officer	2005	178,000	29,817	— ⁽⁵⁾	275,000
	2004	176,667	36,935	— ⁽⁵⁾	100,000
	2003	70,833	16,823	— ⁽⁵⁾	225,000
LOUISE CARDINAL ⁽³⁾ Senior Vice President Sales, Québec	2005	170,000	15,763	— ⁽⁵⁾	160,000
	2004	168,550	69,700	— ⁽⁵⁾	50,000
	2003	153,000	150,200	— ⁽⁵⁾	250,000
PAUL LEPAGE ⁽⁴⁾ Executive Vice President and Chief Operating Officer	2005	145,645	32,150	— ⁽⁵⁾	900,000
	2004	—	—	— ⁽⁵⁾	—
	2003	—	—	— ⁽⁵⁾	—

Notes:

- (1) Mr. Hill became an executive officer in April 2003. \$20,000 of the amount shown under "Bonus" for 2004 was paid as a signing bonus.
- (2) Mr. Roche became an executive officer in October 2002.
- (3) \$50,000 of the amount shown under "Bonus" for 2003 was paid as a retention bonus and the balance was paid as commissions earned by Ms. Cardinal.
- (4) Mr. Lepage became an executive officer in July 2004. On June 20, 2005, Mr. Lepage was granted 200,000 options at an exercise price of \$0.40, expiring on June 19, 2015.
- (5) No greater than \$50,000 and 10% of the total annual salary and bonus of the Named Executive Officer for the year.

Option/SAR Grants During the Financial Year Ended March 31, 2005

The following table sets forth individual grants of stock options during the financial year ended March 31, 2005 to the Named Executive Officers.

Name	Securities 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	200,000	7.2%	\$0.38	\$0.38	July 21, 2014
Paul Hill	100,000	3.6%	\$0.35	\$0.38	December 16, 2014
Paul Hill	100,000	3.6%	\$0.37	\$0.37	May 12, 2014
Paul Roche	175,000	6.3%	\$0.35	\$0.38	December 16, 2014
Paul Roche	100,000	3.6%	\$0.38	\$0.40	June 20, 2014
Louise Cardinal	100,000	3.6%	\$0.35	\$0.38	December 16, 2014
Louise Cardinal	60,000	2.2%	\$0.38	\$0.40	June 20, 2014
Paul Lepage ⁽¹⁾	300,000	10.8%	\$0.35	\$0.38	December 16, 2014
Paul Lepage ⁽¹⁾	600,000	21.6%	\$0.38	\$0.40	June 20, 2014

Notes:

(1) On June 20, 2005, Mr. Lepage was granted 200,000 options at an exercise price of \$0.40, expiring on June 19, 2015.

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, 2005:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at March 31, 2005		Value of Unexercised In-the Money Options at March 31, 2005	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Allan D. Lin	—	—	1,800,000	3,400,000	\$282,492	\$533,967
Paul Hill	—	—	120,000	680,000	\$6,000	\$32,000
Paul Roche	—	—	110,000	490,000	\$14,500	\$35,000
Louise Cardinal	—	—	110,000	350,000	\$15,500	\$30,700
Paul Lepage	—	—	—	900,000	Nil	\$27,000

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 President and 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. Mr. Lin is eligible to receive stock option grants annually based on individual and Corporation performance. 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 Hill

The Corporation entered into an employment agreement with Mr. Hill on April 28, 2003. Under the terms of his agreement, Mr. Hill receives a base salary of \$210,000 (which is reviewed annually) and is eligible to receive a bonus of up to 25% of his base salary, subject to assessed performance. Mr. Hill is also eligible to receive stock option grants annually based on individual and Corporation performance.

Mr. Paul Roche

The Corporation entered into an employment contract 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 25% of his base salary, subject to assessed performance. Mr. Roche is also eligible to receive stock option grants annually based on individual and Corporation 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 \$170,000 (which is reviewed annually) and is eligible to receive a bonus of up to 50% of her base salary, subject to assessed performance. She is also eligible to receive stock option grants annually based on individual and Corporation 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. Lepage is also eligible to receive stock option grants annually based on individual and Corporation 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 service. The chair of each board committee is entitled to receive an additional annual retainer of \$5,000. For the 2005 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, 2005 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	12,655,000 ⁽¹⁾	\$0.30	9,066,747
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	12,655,000		9,066,747

Note:

- (1) Of this number, 1,566,747 common shares remain available under the Corporation's Stock Option Plan (prior to giving effect to the proposed amendments to the 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, 2005, the Corporation issued 200,000 options, 40,000 options were exercised and 300,500 options expired or were cancelled.

Stock Option Plan

See "Part Two – Business of the Meeting – Amendments to Stock Option Plan" above.

Share Purchase Plan

The Share Purchase Plan was adopted by the shareholders on September 26, 2002. The Corporation's Share Purchase Plan has the following features:

1. Eligible participants under the Plan 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 Plan (representing approximately 6.3% of the issued and outstanding common shares of the Corporation as of July 15, 2005). 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 15, 2005) have been issued under the Plan, leaving 7,500,000 additional common shares (representing approximately 4.7% of the issued and outstanding common shares of the Corporation as of July 15, 2005) available for issuance under the Plan;
4. The price at which shares will be issued under the Plan 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 Plan, 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 Plan. 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 Plan. 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

The Toronto Stock Exchange (the “TSX”) has adopted guidelines for effective corporate governance (the “TSX Guidelines”). The TSX Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. The TSX has adopted as a listing requirement the disclosure by each listed company, on an annual basis, of its approach to corporate governance. The following describes the Corporation’s approach to corporate governance in relation to the TSX Guidelines:

1. ***The board of directors should explicitly assume responsibility for stewardship of the Corporation, including the areas described below.***

The Board of Directors is responsible for the supervision of management of the business of the Corporation and is mandated to act with a view to the best interests of the Corporation. This responsibility is discharged in several ways, including the following:

(a) Adoption of a strategic planning process

The Board of Directors meets annually to review the Corporation’s strategic plan and its annual business plan.

(b) Identification of principal risks and the implementation of appropriate risk management systems

The Board of Directors, directly and through its audit committee, reviews the principal risks of the Corporation’s businesses to ensure that these risks are within acceptable limits and that appropriate systems are in place to manage these risks.

(c) Succession planning including monitoring senior management

The Board of Directors has recently appointed a nominating, governance and compensation committee comprised of three Directors: Cyrus Madon (Chairman), Dr. Régent L. Beaudet and Dr. Michael Guerriere, a majority of whom are considered independent of the Corporation. The committee will begin its mandate for the fiscal year ending March 31, 2006. The committee’s responsibilities include proposing senior management appointments to the Board as well as reviewing and reporting to the Board on succession planning and the annual performance of senior management.

(d) Communications policy

The Board of Directors has adopted a Corporate Disclosure Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media.

(e) Integrity of internal controls and management information systems

The Board of Directors will ensure that the Corporation has internal controls over financial reporting designed by, or under the supervision of, the Corporation's chief executive officer and chief financial officer, to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

2. ***The board should be composed of a majority of unrelated directors, that is directors who are independent of management and free from any business interests, other than shareholdings, which could interfere with his or her ability to act in the best interests of the Corporation. The board has the responsibility to apply the definition of unrelated director and disclose annually the principles and conclusions of this application.***

The Board of Directors currently consists of seven members, three of whom are "unrelated" within the meaning of the TSX Guidelines and also free of any interest in or relationship with the Corporation's principal shareholder and lender (Brascan Asset Management Holdings Limited and its affiliates), being Messrs. Beaudet, Guerriere and Osten. In determining that Messrs. Beaudet, Guerriere and Osten are unrelated to the Corporation, the Board recognized that none of these individuals was an officer or employee of the Corporation or party to any material contract with the Corporation and that none of them received remuneration from the Corporation other than grants of stock options and compensation for Board service. Mr. Lin is a "related" director as he is also an officer of the Corporation. Messrs. Madon, Myhal and Reid are officers of Brascan Asset Management Holdings Limited and/or its affiliates.

3. ***The board should appoint a committee of non-management directors, a majority of whom are unrelated, to propose new nominees for election to the board and for assessing directors on an ongoing basis. The board should implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.***

The newly created nominating, governance and compensation committee of the Board will be responsible for reviewing and making recommendations to the Board on the following: the composition and effectiveness of the Board and its committees; nominees to fill vacancies on the Board; mandates of the Board and its committees; requests from Directors for the engagement of outside advisors; and other related matters delegated to the committee by the Board. In fulfilling its responsibilities, the nominating, governance and compensation committee will take into account the competencies and skills that the Board of Directors as a whole should possess as well as the competencies and skills that each director should possess.

4. ***The board should provide an orientation and education program for new directors.***

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 legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

5. ***The board should examine its size in relation to the effective decision-making and adjust size where appropriate.***

The Board of Directors considers its size each year when it determines the number of directors to be appointed at each annual meeting of shareholders. Currently, there are seven directors of the Corporation. The Board has considered its size and determined that its size is appropriate considering the Corporation's scope of activities.

6. ***The board should review the adequacy and form of director compensation to reflect the risk and responsibilities of its directors.***

The Board of Directors sets the level of compensation for directors. A director who is an employee of the Corporation or an employee of a significant shareholder of the Corporation does not receive compensation for service as directors. From time to time, the Board reviews the amount and form of compensation paid to Directors, taking into account time commitment, comparative fees, risks and responsibilities.

7. ***Board committees should generally be composed of non-management directors, a majority of whom are unrelated.***

The audit committee is composed solely of outside directors, all of whom are unrelated and independent directors. The nominating, governance and compensation committee is composed of a majority of unrelated and independent directors.

8. ***The board or one of its committees should expressly assume responsibility for developing the Corporation's approach to governance issues, including its response to the TSX Guidelines.***

The nominating, governance and compensation committee will be responsible for overseeing the Corporation's approach to corporate governance practices. Its specific responsibilities will include reviewing on a regular basis, appropriate corporate governance structures and procedures, and reviewing and making recommendations to the Board on the Corporation's annual statement of corporate governance practices.

9. ***The board, together with the CEO, should define management's role and responsibilities, including the CEO's corporate objectives.***

The nominating, governance and compensation committee will be responsible for reviewing and reporting to the Board on human resource planning, including succession planning and proposed senior management appointments; the levels and form of executive compensation in general; and the specific compensation of senior executives. The committee will also review the performance of senior management against written objectives and, thereafter, will report to the Board.

The Board of Directors believes in the importance of developing business plans to ensure the compatibility of shareholder, Board and management views on the Corporation's strategic direction and performance targets, and the effective utilization of shareholder capital. The Board's approval of the annual business plan provides a mandate for senior management to conduct the affairs of the Corporation within the terms of the plan, knowing it has the necessary Board support. Material deviations from the plan are reported to and considered by the Board.

10. *The board should have in place appropriate structures to ensure that it can function independent of management.*

To enhance its ability to act independently of management, the Board of Directors may meet in the absence of management and the related directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

11. *The audit committee of the board should be comprised only of non-management members, should have a specific mandate, and have direct access to the Corporation's external and internal auditors and oversight over these functions.*

The audit committee of the Board of Directors is composed solely of unrelated independent directors. The mandate of the audit committee is set out in a written charter, which is reviewed periodically. Among other things, the audit committee is directly responsible for overseeing the work of the auditors of the Corporation, reviewing the Corporation's financial statements, MD&A and annual and interim earnings press releases, and for approving the assignment of any non-audit work to be performed by the auditors. The audit committee also meets regularly in private session with the Corporation's auditors and without management present to discuss and review specific issues as appropriate.

Reference is made to the Corporation's annual information form dated June 29, 2005 under the heading "Directors and Officers" for further information on the audit committee.

12. *Individual directors should be able to engage outside advisers under appropriate conditions.*

Individual directors of the Board of Directors are free to consult with members of senior management, whenever they so require, and to engage outside advisers with Board authorization.

PART SIX – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND OFFICERS

In accordance with a commitment made by the Corporation to Mr. Allan D. Lin 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 March 31, 2005, the principal amount outstanding was \$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, 2005 or in any proposed transaction that has affected or will materially affect the Corporation or any of its affiliates.

ADDITIONAL DOCUMENTATION

The Corporation will provide to any person, upon request to the Secretary of the Corporation at 110 Crémazie Blvd. West, 12th Floor, Montréal, Québec, H2P 1B9, at any time, a copy of:

- (a) the Corporation's current annual information form, together with any document, or the pertinent pages of any document, incorporated therein by reference;
- (b) the Corporation's most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of the Corporation's most recently completed financial year; and
- (c) this Circular.

The Corporation will require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation. Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's consolidated comparative financial statements and management's discussion and analysis for the year ended March 31, 2005.

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 15, 2005, 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 15th day of July 2005.



Cyrus Madon
Chairman of the Board