



**DECISION DYNAMICS**  
TECHNOLOGY

**Notice of Annual and Special Meeting  
of Shareholders  
To be held on June 19, 2008**

**Management Information Circular  
May 15, 2008**

Decision Dynamics Technology  
#300, 717 - 7 Avenue SW  
Calgary, AB T2P 0Z3 Canada

**SHAREHOLDER MEETING**

**DECISION DYNAMICS TECHNOLOGY LTD.**

300, 707 – 7<sup>TH</sup> Avenue S.W.  
Calgary, Alberta, T2P 0Z3

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

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the "Meeting") of holders of common shares ("Common Shares") of Decision Dynamics Technology Ltd. (the "Corporation" or "Decision Dynamics") will be held at Torys LLP, Boardroom 33 South (Multi 1&2), 33<sup>rd</sup> Floor, 79 Wellington Street West, TD Centre, Toronto, Ontario on the 19th day of June, 2008 at 3:00 p.m. (EDT), for the following purposes:

1. To receive the annual report of the board of directors to the shareholders and the consolidated audited financial statements of the Corporation for the fiscal year ended December 31, 2007;
2. To elect those persons named as proposed directors in the Management Information Circular;
3. To appoint KPMG LLP as auditors of the Corporation, at a remuneration to be fixed by the board of directors;
4. To approve a related amendment to the Corporation's Amended 2005 Stock Option Plan and Share Accumulation Plan for directors;
5. To confirm the repeal of By-law No. 1 and the enactment of By-law No. 2; and
6. To transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

Only shareholders of record at the close of business on May 15 2008 are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat.

**DATED** at the City of Calgary, in the Province of Alberta this 15<sup>th</sup> day of May, 2008.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"W. A. Dimma"*  
W. A. Dimma  
Chairman

**IMPORTANT**

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the by-laws of the Corporation, all proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Investor Services, Proxy Department 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 (Attention: Proxy Department), no later than 3:00 p.m. (Toronto time) on June 17, 2008 or the second last business day (excluding Saturdays and holidays) preceding any adjournment of the Meeting.

**DECISION DYNAMICS TECHNOLOGY LTD.  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 19, 2008**

**MANAGEMENT INFORMATION CIRCULAR**

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Decision Dynamics Technology Ltd. (the "Corporation") for use at the annual and special meeting of the holders of common shares (the "Common Shares") of the Corporation to be held on the 19th day of June, 2008 at 3:00 p.m. (EDT) (the "Meeting"), or at any adjournment thereof, for the purpose set forth in the Notice of Meeting. The information contained herein is given as of the 9th day of May, 2008, except where otherwise indicated. There is enclosed herewith a form of proxy for use at the Meeting, together with a copy of the Corporation's Annual Report containing the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2007, to be presented at the Meeting. Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote in person or by proxy on matters to be considered.

**APPOINTMENT AND REVOCATION OF PROXIES**

Those shareholders desiring to be represented by proxy must deposit their respective forms of proxy with Computershare Investor Services, Proxy Dept. ("Computershare") at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 by no later than 3:00 p.m. (EDT) on June 17, 2008 or on the second last business day (excluding Saturdays and holidays) preceding any adjournment of the Meeting. A proxy must be executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment of the Meeting.

**Each shareholder submitting a proxy has the right to appoint a person to represent him or it at the Meeting other than the persons designated in the form of proxy furnished by the Corporation.** The shareholder may exercise this right by striking out the names of the persons so designated and inserting the name of the desired representative in the blank space provided, or by completing another form of proxy and in either case depositing the proxy with Computershare at the place and within the time specified above for the deposit of proxies.

**A proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person.** 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 its attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized, and deposited with Computershare at the place specified above for the deposit of proxies. The close of business on May 15, 2008 is the record date for the determination of shareholders who are entitled to notice of, and to attend and vote at, the Meeting (the "Record Date").

Shareholders who do not hold their Common Shares in their own name (referred to herein as "beneficial shareholders") are advised that only proxies from shareholders of record can be recognized and voted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held, and directors and officers of the Corporation do not necessarily know for whose benefit the Common Shares registered in the name of any broker or agent are held. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to beneficial shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the beneficial shareholders and asks beneficial shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A beneficial shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the**

**Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

**EXERCISE OF DISCRETION**

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder. **The persons appointed under the enclosed form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. If any such matters should come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in accordance with their best judgment unless the shareholder has specified to the contrary or that Common Shares are to be withheld from voting. At the time of printing this Circular, the management of the Corporation is not aware of any such amendment, variation, or other matter.**

**Unless otherwise specified, proxies in the accompanying form will be voted in favour of the election of the nominees, hereinafter set forth, as directors of the Corporation (provided that in the event that a vacancy among such nominees occurs because of death or for any other reason prior to the Meeting, proxies shall not be voted with respect to such vacancy), in favour of the appointment of KPMG LLP, Chartered Accountants as auditors of the Corporation, in favour of the approval of the related amendment to the Corporation's Amended 2005 Stock Option Plan and Share Accumulation Plan for Directors and in favour of the approval of the amendment to the Corporations by-laws.**

**PERSONS MAKING THE SOLICITATION**

This solicitation is made on behalf of the management of the Corporation. The cost incurred in the preparation and mailing of both the proxy and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefore. In accordance with National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As at May 9, 2008, the Corporation had 60,212,466 Common Shares outstanding. Each Common Share confers upon the holder thereof the right to one vote. Only those shareholders of record on the Record Date are entitled to notice of, and to attend and vote at the Meeting. Any transferee or person acquiring Common Shares after the Record Date may, on proof of ownership of Common Shares, demand of Computershare not later than 10 days before the Meeting that his name be included in the list of persons entitled to attend and vote at the Meeting.

Two or more holders of ten (10%) percent of the Common Shares present in person or represented by proxy constitutes a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as of the date hereof no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all of the outstanding Common Shares of the Corporation other than as set forth below:

<b>Name</b>	<b>Type of Ownership</b>	<b>No. of Common Shares</b>	<b>Percentage of Common Shares <sup>(1)</sup></b>
Mosaic Venture Partners II Limited Partnership <sup>(2)</sup> Toronto, Ontario	Registered and beneficial	17,513,118	29.1%
Edgestone Capital Venture Fund Nominee Inc. <sup>(3)</sup> Toronto, Ontario	Registered and beneficial	11,619,400	19.3%

**Notes:**

- (1) As at May 9, 2008.
- (2) The sole shareholder of the general partner of Mosaic Venture Partners II Limited Partnership ("Mosaic") is Mosaic Venture Partners Inc. Mosaic also holds warrants to purchase 425,000 common shares at a price of \$0.40 per share expiring on June 29, 2008.
- (3) Edgestone Capital Venture Fund Nominee Inc. ("Edgestone") holds the shares as nominee for and on behalf of Edgestone Capital Venture Fund L.P. and its parallel and co-investors. Edgestone also holds warrants to purchase 416,667 common shares at a price of \$0.40 per share expiring on June 29, 2008.

**EXECUTIVE COMPENSATION**

**Composition of Corporate Governance, Human Resources and Compensation Committee**

During 2007, the members of the Corporate Governance, Human Resources and Compensation Committee (the "Committee") were E. McDougald and W.A. Dimma. Mr. McDougald served as Chair of the Committee.

**Report on Executive Compensation**

*Background on compensation*

In arriving at its compensation decisions, the Committee considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development. Based on these considerations, compensation is designed, reviewed and adjusted using performance enhancement as the major goal. The Committee also compares the personnel and positions to similar positions in other corporations. Consideration was given to achievements during 2008, competition within the industry for experienced, proven management personnel in the cities in which the Corporation operates and the Corporation's financial position. The Committee makes specific recommendations to the board of directors with respect to compensation paid to its executive officers.

*Components of compensation*

The annual compensation of each executive officer is determined having regard to such factors as the officer's current responsibilities, individual performance during the year, corporate performance during the year, years of service and the assessment by the Committee of other factors which may be presented by management. The Corporation's compensation policy has three basic components: (i) base salary and benefits; (ii) short term incentives in the form of bonuses; and (iii) long term incentives in the form of stock options and a retirement savings plan. The elements of the Corporation's compensation policy are designed to attract and retain highly qualified people and to align their interest with those of the shareholders of the Corporation.

The Corporation's incentive bonus plan for executive management is based on the Corporation's internally targeted financial objectives compared to the results actually achieved. During 2007 the Corporation did not meet targets set by the board for 2007 and no bonuses were paid to management. The Corporation has not instituted an executive bonus plan for 2008; however, senior sales personnel receive a commission on corporate sales.

The Company has not instituted a bonus plan for employees for 2008.

The maximization of shareholder value is encouraged by making long term equity incentives a major component of the compensation regime, particularly for the executive officers. The Corporation has a stock option plan in place under which awards have been made to executive officers and other key employees in relation to their position, performance and dedication. During 2007, options to purchase 400,000 Common Shares were issued to officers and 1,150,000 were issued to employees. On January 8, 2008 an officer was granted options to purchase 500,000 Common Shares.

Eligible employees and executives are able to participate in the Corporation's retirement savings plan immediately upon commencement of continuous employment. Participants in the plan may contribute an amount to the plan and the Corporation will contribute an equal amount up to 5% of the individual's salary and commissions (if applicable).

*Compensation for the Chief Executive Officer and for the President*

In determining the basis for the Chief Executive Officer's compensation and for the President's compensation, industry comparisons were considered along with other factors such as experience and performance. The base salary paid to the Chief Executive Officer and to the President during 2007 is considered comparable to senior officers with commensurate experience and responsibility.

**MEMBERS:**

E. McDougald, Chairman  
W. A. Dimma

## Senior Executive Compensation

The following table and related narrative below provide compensation information for each of the three financial years of the Corporation ended December 31, 2007, 2006 and 2005 for the Chief Executive Officer, the Chief Financial Officer, Treasurer and Corporate Secretary and the Executive Vice-President Sales, Executive Vice-President, US Sales and the Executive Vice-President Canadian Sales, now the President (collectively, the "Named Executive Officers"). No other officer of the Corporation earned more than \$150,000 in salary and bonus during the financial year ended December 31, 2007.

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation <sup>(3)</sup> \$
		Salary \$	Bonus <sup>(1)</sup> \$	Other Annual Compensation <sup>(2)</sup> \$	Awards		Payouts	
					Securities under Options/SARs Granted #	Restricted Shares or Restricted Share Units #	LTIP Payouts #	
Justin Zinke <sup>(4)</sup> Chief Executive Officer	2007	225,000	-	-	-	-	-	6,406
	2006	195,000	-	-	-	-	-	9,750
	2005	180,000	45,000	-	-	-	-	3,750
David Hunt <sup>(5)</sup> Chief Financial Officer, Treasurer and Corporate Secretary	2007	160,000	-	-	-	-	-	8,000
	2006	160,000	-	-	-	-	-	8,000
	2005	140,000	50,000	-	-	-	-	3,229
Ron Green <sup>(6)</sup> Executive Vice-President Canadian sales	2007	150,000	18,095	-	-	-	-	545
Mark Amelang <sup>(7)</sup> Executive vice-President US Sales	2007	29,167	32,858	-	-	-	-	-
	2006	198,468	92,283	-	-	-	-	9,750
	2005	210,000	37,000	-	-	-	-	3,750
Doug Strahm <sup>(8)</sup> Executive Vice-President US Sales	2007	78,750	-	-	-	-	-	9,750

### Notes:

- (1) Non-sales bonuses are based on current year performance but are paid the following year. The only bonuses earned and paid in 2006 and 2007 were for sales executives who earned a commission based on the Corporation's total sales. These bonuses are paid following the earning period which varies for each individual.
- (2) In all cases the other annual compensation does not exceed \$50,000 or 10% of the annual compensation.
- (3) Consists of the Corporation's matching payment under the Decision Dynamics Technology Ltd. Group Retirement Savings Plan (of which a portion is registered as an RRSP and a portion is non-registered) and retiring allowances and vacation payout.
- (4) Mr. Zinke was Chief Operating Officer from July 2005 and Chief Executive Officer from October 2006.
- (5) Mr. Hunt was Chief Financial Officer, Treasurer and Corporate Secretary from July 2005 to April 2008.
- (6) Mr. Green was Executive Vice-President Canadian Sales from November 15, 2007. Mr. Green was appointed President effective January 1, 2008 and his salary was increased to \$185,000.
- (7) Mark Amelang was Executive Vice-President, Sales from November 2005 to February 2007 at an annual salary of US\$175,000. His termination settlement is included in All Other Compensation. Bonus includes commissions.
- (8) Mr. Strahm was appointed Executive Vice-President, US Sales on December 7, 2007 at an annual salary of US\$105,000.

### Option Grants During the Most Recently Completed Financial Year

The following table sets forth information in respect of grants of options to purchase or acquire Common Shares of the Corporation and made during the Corporation's financial year ended December 31, 2007 to the Named Executive Officers.

Name	Common Shares Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Common Share)	Market Value of Common Shares Underlying Option on the Date of Grant (\$/Common Share)	Expiration Date
Ron Green	250,000	16.1%	0.185	0.185	Dec. 6, 2014
Doug Strahm	150,000	9.7%	0.185	0.185	Dec. 6, 2014

### Amended 2005 Stock Option Plan

On April 11, 2005, the board of directors of the Corporation adopted the 2005 Stock Option Plan (the "2005 Plan"). Under the 2005 Plan the board of directors may by resolution grant options to directors, officers and employees of, and service providers to, the Corporation and its subsidiaries. The maximum number of Common Shares initially reserved under the 2005 Plan for issuance upon the exercise of options granted under the 2005 Plan was 8,428,731.

The objectives of the 2005 Plan are to create a proprietary interest in the Corporation and to increase the interest in the Corporation's growth through the granting of options to purchase Common Shares to those directors, officers, employees and service providers who share primary responsibility for the management, growth and protection of the business of the Corporation and its subsidiaries. The 2005 Plan was also intended to furnish an incentive to those individuals to continue their services for the Corporation and its subsidiaries and to provide a means through which the Corporation and its subsidiaries may attract qualified persons for employment.

On October 3, 2005 the directors increased the maximum number of Common Shares that can be issued under the 2005 Plan to 9,976,320 shares (the "Amended 2005 Plan") which represented approximately 19.4% of the issued and outstanding Common Shares at that time. This increase was made to enhance the Corporation's ability to attract and retain qualified directors, officers and employees. The Shareholders ratified this amendment at the Annual and Special General Meeting held on May 8, 2006.

On April 4<sup>th</sup>, 2008 the board of directors approved an amendment to the Amended 2005 Plan to reduce the number of Common Shares reserved for issuance upon the exercise of stock options by 500,000 Common Shares and at the same time increase the number of Common Shares reserved under the Share Accumulation Plan for Directors by 500,000 Common Shares (to bring the total number reserved to 1,200,000 shares). Shareholders are being asked to ratify these amendments at the Meeting. See "Approval of Related Amendment to Amended 2005 Stock Option Plan and Share Accumulation Plan for Directors".

As at December 31, 2007 the Corporation had granted options to acquire 7,139,039 Common Shares representing approximately 78.7% of the new maximum number of Common Shares reserved under the 2005 Plan as reduced by the above amendment to 9,076,320.

### Aggregated Option Exercises During The Most Recently Completed Financial Year and Financial Year-end Option Values

Options to purchase Common Shares exercised or exercisable during the financial year ended December 31, 2007 held by Named Executive Officers are as follows:

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-end Exercisable / Unexercisable (#)	Value of Unexercised in-the-Money Options at Financial Year-end Exercisable / Unexercisable <sup>(3)</sup> (\$)
Justin Zinke	-	-	1,411,656 / 470,552	42,350 / 14,114
David Hunt	-	-	1,264,169 / 421,390	37,925 / 12,642
Ron Green <sup>(1)</sup>	-	-	0 / 250,000	0 / 8,750
Mark Amelang <sup>(2)</sup>	-	-	-	-
Doug Strahm	-	-	0 / 250,000	0 / 5,250

**Notes:**

- (1) Mr. Green was granted an additional 500,000 options on January 8, 2008. None of these options have vested.
- (2) Mr. Amelang left the Corporation in February 26, 2007 and did not exercise his options.
- (3) The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2007 was \$0.19.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

The employment contracts for Mr. Zinke and Mr. Hunt were entered into on November 29, 2004 with Malibu Engineering & Software Ltd., a company acquired as part of the Corporation's Qualifying Transaction. These contracts were assigned to the Corporation on July 29, 2005. These contracts specify amounts of compensation and vacation and provide for participation in employee health, dental and retirement plans. Bonuses and options are at the discretion of the board of directors and are not itemized in the contracts. The agreements also provide for a severance payment for dismissal without cause or as a result of a terminating event following a major change of control. A terminating event is essentially a reduction in position, compensation, benefits or a relocation that the employee does not agree to. The agreements specify certain circumstances under which the employee is not allowed to compete with the Corporation for a specified period of time following their employment with the Corporation and the ownership of intellectual property developed during the tenure of the employee.

The employment contract for Mr. Green was entered into on November 15, 2007. This contract specifies amounts of compensation and vacation and provides for participation in employee health, dental and retirement plans. Bonuses and options are at the discretion of the board of directors and are not itemized in the contracts. The contract provides for variable compensation (commission) to be earned by Mr. Green in 2007 based upon his sales. Variable compensation for subsequent years is determined each year by the Corporation. He was subsequently appointed President ; however, his contract remains in effect. The agreements also provide for a severance payment for dismissal without cause or as a result of a terminating event following a major change of control. A terminating event is essentially a reduction in position, compensation, benefits or a relocation that the employee does not agree to. The agreements specify certain circumstances under which the employee is not allowed to compete with the Corporation for a specified period of time following their employment with the Corporation and the ownership of intellectual property developed during the tenure of the employee.

Mr. Strahm entered into an employment contract as a sales representative on February 14, 2007. This contract specifies amounts of compensation and vacation and provides for participation in employee health, dental and retirement plans. Options are at the discretion of the board of directors and are not itemized in the contracts. The contract provides for variable compensation (commission) to be earned by Mr. Strahm in 2007 based upon his sales. Variable compensation for subsequent years is determined each year by the Corporation. Mr. Strahm was subsequently appointed Executive vice-President US Sales; however, his contract remains in effect. The agreements specify certain circumstances under which the employee is not allowed to compete with the Corporation for a specified period of time following their employment with the Corporation and the ownership of intellectual property developed during the tenure of the employee.

**Directors' and Officers' Liability Insurance**

The Corporation maintains a directors' and officers' liability insurance policy for the benefit of its directors and officers. The policy provides coverage for costs incurred in defending and settling claims brought against its directors and officers to an annual limit of \$15.0 million with a \$50,000 deductible per occurrence. The annual cost of the coverage is approximately \$115,000. Subsequent to the Qualifying Transaction in 2005 the Corporation placed three year run-off insurance for the directors and officers of the predecessor corporations and pre-paid the premiums totaling \$43,000.

**Compensation of Directors**

On May 8, 2006 the shareholders approved the implementation of a Share Accumulation Plan for Directors to promote a greater alignment of interests between directors and the shareholders of the Corporation. Each director is to elect annually to receive their annual compensation in cash, Common Shares issued from treasury or Deferred Share Units ("DSUs"). The annual compensation is a fixed amount for 2006, 2007 and 2008 of \$12,000 for attendance at board and committee meetings. An additional \$3,000 per annum is payable to chairman ("Chairman") of the Board. To encourage the directors to choose to take Common Shares or DSUs, a director's annual fee will be increased to \$15,000 if he elects to receive his compensation in Common Shares or DSUs. The Chairman of the Board would receive compensation of \$18,750 if he chooses to receive his compensation in Common Shares or DSUs. A DSU is a unit equivalent in value to a Common Share which is credited to the director's notional account on a deferred basis. Following termination of board service, the director will receive the then current fair market value in Common Shares held in the nominal account. The Share Accumulation Plan reserves 700,000 Common Shares for issuance under the plan. During 2007, four directors elected to receive their annual compensation in DSUs and as over 500,000 shares have been notionally allocated to the directors as at December 31, 2007, the Corporation proposes to increase the number of shares reserved for issuance under this plan to 1,200,000. See "Approval of Related Amendment to the 2005 Stock Option Plan and Share Accumulation Plan for Directors. Four directors have elected to receive their annual compensation in DSUs for 2008.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table sets forth information as at December 31, 2007 with respect to the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance.

*Equity Compensation Plan Information*

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) <sup>(2)</sup></b>
Equity compensation plans approved by securityholders	7,139,039	\$0.245	2,115,577
Equity compensation plans not approved by securityholders	--	--	--
<b>Total</b>	<b>7,139,039</b>	<b>\$0.245</b>	<b>2,115,577</b>

**Note:**

- (1) This number does not include 539,323 shares reserved for issuance pursuant to the Corporation's Share Accumulation Plan for directors.
- (2) After giving effect to the grant of options in January 2008 and to the transfer to the Share Accumulation Plan proposed for approval by shareholders, the number of securities available for grant of options would be 1,115,577.

**Statement of Corporate Governance Practices**

A copy of the Corporation's Statement of Corporate Governance Practices are attached hereto as Schedule "B".

**MATTERS TO BE CONSIDERED AT THE MEETING**

**Election of Directors**

At the Meeting, it is proposed that six directors be elected until the next annual meeting of shareholders or until their successors are elected or appointed. There are currently 6 directors of the Corporation. Pursuant to the Canada *Business Corporations Act* ("Act"), the current directors of the Corporation cease to hold office at the close of the Meeting.

The following table sets forth, in respect of each nominee, all positions currently held with the Corporation, principal occupation during the last five years and the approximate number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which voting control is exercised as of May 9<sup>th</sup>, 2008. The information contained herein is based upon information furnished by the respective nominees.

<b>Name and Municipality of Residence</b>	<b>Date Since Served as a Director</b>	<b>Office or Position</b>	<b>Principal Occupation During the Last 5 Years</b>	<b>Number of Common Shares Owned or Subject to Control or Direction</b>
William Dimma Toronto, Ontario, Canada	July 29, 2005	Chairman of the Board and Director	Chairman of the Board of the Corporation and a director of several public and private companies and not-for-profit organizations.	191,186
James Baillie Toronto, Ontario, Canada	October 3, 2005	Director	Counsel to Torys, LLP and a director of several public and private companies.	80,000 <sup>(1)</sup>
Colum Bastable, Toronto, Ontario, Canada	July 6, 2006	Director	President and Chief Executive Officer of Cushman & Wakefield LePage Inc. Prior thereto President and Chief Executive Officer of Royal LePage	Nil

			Limited and Managing Partner, Commercial Real Estate Services, Brascan Financial Corporation Inc.	
Vernon Lobo Toronto, Ontario, Canada	July 29, 2005	Director	Managing Director, Mosaic Venture Partners II Limited Partnership (private venture capital fund)	17,555,618 <sup>(2)</sup>
Elson McDougald Drumheller, Alberta, Canada	July 29, 2005	Director	Chairman of the Board, Savanna Energy Services Corp. Prior thereto President and Chief Executive Officer, Western Lakota Energy Services Inc. and its predecessors (an energy services company)	662,154 <sup>(3)</sup>
Justin Zinke Calgary, Alberta, Canada	February 6, 2007	Chief Executive Officer and Director	Chief Executive Officer of the Corporation. Prior thereto Chief Operating Officer of the Corporation since July, 2005; Chief Operating Officer, Malibu Engineering & Software Ltd. (a software company) until July, 2005; VP Product Portfolio Management & Corporate Best Practices, Aspen Technology Inc. (a software company) to July 2004.	284,077

**Note:**

- (1) Mr. Baillie also owns 40,000 warrants to purchase Common Shares for \$0.40. These warrants expire on June 12, 2008.
- (2) Mr. Lobo personally owns 296,500 of these Common Shares indirectly through Kilimanjaro Capital Inc. and exercises control or direction over 17,513,118 Common Shares as Managing Director of Mosaic Venture Partners II Limited Partnership. See "Voting Securities and Principal Holders Thereof." Mr. Lobo also owns 42,500 warrants personally and exercises control over 425,000 warrants as Managing Director to purchase Common Shares for \$0.40. These warrants expire on June 29, 2008.
- (3) Mr. McDougald also owns 166,666 warrants to purchase Common Shares for \$0.40. These warrants expire on June 12, 2008.

The board of directors has an Audit Committee (as required by the Act) consisting of Messrs. J. Baillie (Chair), E. McDougald and C. Bastable (Mr. Lobo attends as an observer for a portion of each meeting). The Corporation has a Corporate Governance, Human Resources and Compensation Committee consisting of Messrs. E. McDougald (Chair) and W. A. Dimma. The Corporation does not have an executive committee of its board of directors. Mr. Shewchuk resigned from the board and all of its committees on February 6, 2007.

*Audit Committee*

The following table sets forth the name of each current member of the Audit Committee, whether such member is independent, whether such member is financially literate and the relevant education and experience of such member.

Name	Independent	Financially Literate	Relevant Education and Experience
James Baillie	Yes	Yes	Mr. Baillie, counsel to the firm of Torys LLP., has extensive experience with corporate transactions. He was Chairman of the Ontario Securities Commission and was the first chair of Canada's Audit and Assurance Standards Oversight Council.
Colum Bastable	Yes	Yes	Mr. Bastable is a Fellow of The Institute of Chartered Accountants in Ireland. He has extensive business experience including former positions of VP Finance and Chief Financial Officer with a major Canadian company.
Elson McDougald	Yes	Yes	Mr. McDougald has extensive business experience including being a past member of the Board of the Alberta Treasury Branches and Vencap Equities Alberta Ltd. He has also served as Chief Executive Officer and a director of a number of public companies.

The Corporation has paid fees to its auditors in the aggregate amount of \$128,186, \$244,542 and \$72,629, for its 2007, 2006 and 2005 fiscal years, respectively. Additionally the Corporation has paid \$62,948, \$33,770 and \$11,215 for tax services and for the 2007, 2006 and 2005 fiscal years, respectively, \$17,000 for advisory services related to transfer price planning in 2006 and \$5,872 for advisory services in 2007 related to the private placements. No other fees were paid for audit related services, tax services or other services by the Corporation to the Corporation's auditors in each of its last three fiscal years. The Corporation paid additional amounts in 2006 (nil in 2007) to other accounting firms to provide advisory services respecting accounting policy and for valuation services. A copy of the Terms of Reference for the Audit Committee are attached hereto as Schedule "A".

The disclosure under "Audit Committee" is being provided in reliance upon the exemption in Section 6.1 of Multilateral Instrument 52-110 - *Audit Committees*.

#### *Corporate Cease Trade Orders or Bankruptcies*

None of those persons who are proposed directors of the Corporation is, or has been within the past ten years, a director or officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period or more than 30 consecutive days, or was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### *Individual Penalties, Sanctions or Bankruptcies*

None of those persons who are proposed directors of the Corporation (or any personal holding companies of these persons who are proposed directors) have, within the past ten years made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of those persons who are proposed directors of the Corporation (or any personal holding companies of these persons who are proposed directors) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

The persons named in the enclosed form of proxy intend to have nominated and to vote for the appointment of KPMG LLP, as auditors of the Corporation (the "Auditors") at a remuneration to be fixed by the board of directors and to hold such office until the next annual meeting of the Corporation. The Auditors were first appointed as auditors of the Corporation on July 29, 2005. Prior thereto Friedman & Friedman LLP served as auditors of the Corporation since incorporation.

### **Approval of Related Amendment to Amended 2005 Stock Option Plan and Share Accumulation Plan for Directors**

On April 4, 2008 the board of directors of the Corporation approved reducing the number of common shares reserved for issuance upon the exercise of stock options granted pursuant to the Corporation's 2005 Amended Stock Option Plan by 500,000 common shares and increasing the number of common shares reserved for issuance under the Share Accumulation Plan for Directors (the "SAP") by 500,000 common shares. These amendments to the Amended 2005 Plan and the SAP do not result in an increase in the aggregate number of common shares that were reserved under the Corporation's compensation arrangements which remains at 10,276,320 common shares (consisting of 9,576,320 reserved for options and 700,000 reserved for issuance under the SAP prior to the above amendment) representing 17.1% of the Corporation's outstanding common shares. Following these amendments a total of 9,076,320 common shares will be reserved under the Amended 2005 Plan and a total of 1,200,000 common shares will be reserved under the SAP. As at April 4, 2008, the board of directors have granted options which are still outstanding to acquire 7,639,039 common shares and 321,704 options have been exercised which after the amendment to the Amended 2005 Plan leaves 1,115,577 common shares reserved for issuance under the Amended 2005 Plan for future grants of stock options.

The board of directors determined that it was in the best interest of the Corporation to amend the Amended 2005 Plan and the SAP as the SAP allows the Corporation to preserve cash for growth and development of its business by paying directors' compensation in the form of issuance of deferred share units which are exchangeable for common shares

when a director terminates his service to the Corporation. The board of directors believe that the SAP allows the Corporation to attract and retain qualified individuals to serve as directors of the Corporation. As at December 31, 2007 539,323 of the 700,000 common shares reserved under the SAP have been notionally allocated to the directors and the corporation believes it is appropriate to increase the allocation by 500,000 shares bring the number currently available to 660,677.

In accordance with the rules of the TSX Venture Exchange shareholder ratification of the amendment to the Amended 2005 Plan and to the SAP is required. These amendments have been approved by the TSX Venture Exchange. The complete text of the ordinary resolution which management intends to place before the Meeting, for consideration and approval by shareholders is as follows:

"IT IS HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the amendment to the Corporation's Amended 2005 Stock Option Plan (the "Amended 2005 Plan") to reduce the number of common shares reserved for issuance upon the exercise of stock options granted pursuant to the Amended 2005 Plan by 500,000 common shares and the amendment to the Corporation's Share Accumulation Plan for Directors (the "SAP") to increase the number of common shares reserved for issuance under the SAP by 500,000 common shares be and is hereby ratified, confirmed and approved.
2. Any one officer or director of the Corporation be and is hereby authorized on behalf of and in the name of the Corporation to take all necessary steps and proceedings, to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things, whether under corporate seal of the Corporation or otherwise, that may be necessary or desirable to give effect to the provisions of this resolution."

To be approved the resolution must be passed by a majority of the votes cast at the Meeting in person or by proxy.

#### **Confirmation of By-law No. 2 and the Repeal of By-law No. 1**

By-law No. 1 (the "Current By-Laws") of the Corporation represent what are commonly referred to a long form by-laws, meaning, they are representative of what is already provided for in the governing business corporation's act which in this case is the Act. One of the draw-backs of using long form by-laws is that when the Act is amended from time to time the by-laws may no longer be representative of what the corporation is permitted to do pursuant to the Act. This creates the possibility of the corporation being either in contravention of the Act or its by-laws. The way many corporations are avoiding this potential conflict is to adopt what are commonly referred to as short form by-laws. Short form by-laws avoid restating what is already provided for in the Act and focus more on providing guidance on matters that are not specifically dealt with in the Act or that the Act allows for the by-laws to add to or modify. On November 9, 2007 the directors approved the revisions to the by-laws, By-Law #2 (the "Replacement By-Laws") attached herein as Exhibit E.

The following is a summary of the material differences between By-law No. 2 and the Replacement By-Laws and the Current By-Laws of the Corporation:

##### *Interpretation*

The material items contemplated under this heading of the Current By-Laws are addressed under the same heading of the Replacement By-Laws.

##### *Corporate Matters*

The items contemplated under this heading of the Current By-Laws have been omitted from the Replacement By-Laws. These concepts are addressed in the Act and do not need to be restated in the Corporation's by-laws.

##### *Directors; Meetings of Directors; Committees; Officers*

Many of the items discussed under the foregoing headings in the Current By-Laws are a restatement of the Act (e.g. qualifications for election, procedure for election of directors and general powers of directors). These concepts are addressed in the Act and do not need to be restated in the Corporation's by-laws and have been omitted from the Replacement By-Laws. In addition, the Current By-Laws provide for a mandatory retirement age of 75 for directors of the Corporation and limit the election of new directors to those persons under the age of 75. This provision is not contemplated in the Act and has not been retained in the Replacement By-Laws.

The Replacement By-Laws speak to the material items contemplated in the above headings under the heading "*Directors and Officers*". The Replacement By-Laws primarily address those items under the Act that allow for the by-laws to add to or modify what the Act allows for in general. For example, Section 121 of the Act (subject to the articles, **by-laws** or any unanimous shareholder agreement) gives directors the authority to designate the offices of the corporation, appoint as officers persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the corporation (subject to certain limitations). The Replacement By-Laws include provisions that elaborate on the titles to the offices (e.g. chairman of the board, president, chief executive officer, chief financial officer and vice-president offices) and generally outline the hierarchy associated with these offices. The Replacement By-Laws do, however, maintain sufficient guidance in accordance with the Act to allow for the directors and officers of the Corporation to determine how certain administrative matters are to be dealt with (e.g. the calling and notice of directors meetings, ability of the directors to form committees and delegate authority to those committees etc.) without having to refer to the Act.

*Protection of Directors, Officers and Others*

The material items contemplated under this heading of the Current By-Laws are addressed under the headings "*Limitations of Liability*", "*Indemnity*" and "*Insurance*" of the Replacement By-Laws.

*Meetings of Shareholders*

The material items contemplated under this heading of the Current By-Laws are addressed under the heading "*Shareholders' Meetings*" of the Replacement By-Laws. Many of the provisions under this heading of the Current By-Laws have been omitted from the Replacement By-Laws primarily due to the Corporation being a publicly traded entity. As a public entity the Corporation is subject to applicable securities laws which govern how shareholder communication and meetings are to be conducted.

*Shares and Transfers*

The items contemplated under this heading of the Current By-Laws have been omitted from the Replacement By-Laws. These concepts are addressed in the Act and do not need to be restated in the Corporation's by-laws.

*Dividends and Rights*

The material items contemplated under this heading of the Current By-Laws are addressed under the heading "*Dividends*" of the Replacement By-Laws.

*Notices*

The material items contemplated under this heading of the Current By-Laws are addressed under the headings "*Banking Arrangements and Execution of Instruments*" and "*Miscellaneous*" of the Replacement By-Laws. Many of the provisions under this heading of the Current By-Laws have been omitted from the Replacement By-Laws primarily due to them being addressed in the Act.

The complete text of the ordinary resolution which management intends to place before the Meeting, for consideration and approval by shareholders is as follows:

"IT IS HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. Pursuant to section 103 of the *Canada Business Corporations Act*, the repeal of By-law No. 1 of the Corporation and the adoption of By-law No. 2 in substitution therefore be and is hereby confirmed.
2. Any one officer or director of the Corporation be and is hereby authorized on behalf of and in the name of the Corporation to take all necessary steps and proceedings, to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things, whether under corporate seal of the Corporation or otherwise, that may be necessary or desirable to give effect to the provisions of this resolution."

To be approved the resolution must be passed by a majority of the votes cast at the Meeting in person or by proxy.

**INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS**

Except as described elsewhere herein, none of the Corporation's insiders, proposed nominees for election as directors of the Corporation or their associates and affiliates, has any material interest in any transaction with the Corporation since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation which has not been previously disclosed.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

#### **INTEREST OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON**

No director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the directors do participate in the Amended 2005 Stock Option Plan and Share Accumulation Plan for Directors which are being presented to shareholders for approval of related amendment to each plan at the Meeting.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

No directors or senior officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted to the Corporation or any of its subsidiaries at any time since the beginning of the financial year ended December 31, 2007.

#### **OTHER MATTERS TO BE ACTED UPON**

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

#### **SHAREHOLDER PROPOSAL**

The Act provides, in effect, that a registered holder or beneficial owner of shares that are entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "Proposal") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The Act further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated April 18, 2008, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is January 18, 2009.

The foregoing is a summary only. Shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

#### **ADDITIONAL INFORMATION**

Additional financial information is provided in the Corporation's comparative consolidated financial statements and management's discussion and analysis for the most recently completed fiscal year ended December 31, 2007. Copies of the Corporation's financial statements and related management's discussion and analysis can be obtained by contacting the Controller of the Corporation at 300, 717 – 7<sup>th</sup> Avenue S. W., Calgary, Alberta T2P 0Z3 or phone 403 451 0726.

**Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).**

#### **DIRECTORS APPROVAL**

The contents and the mailing of this Circular has been approved by the board of directors of the Corporation.

"Kim Tremblay"  
Kim Tremblay  
Controller

DATED at Calgary, Alberta  
May 15, 2008

## **SCHEDULE "A"**

### **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

#### **I. PURPOSE**

The primary function of the Committee is to assist the Board of Directors (the "Board") in fulfilling its responsibilities by reviewing:

1. the financial information that will be provided to the shareholders and others;
2. the systems of internal controls, management and the Board have established; and
3. audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board.

#### **II. COMPOSITION AND PROCESS**

1. The Committee shall be composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates.
2. Members shall be appointed by the Board on an annual basis, shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience
3. The Chair of the Committee shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms.
4. All members of the Committee shall be financially literate or currently be taking courses or training to obtain financial literacy. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
5. The Chair shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Committee.
6. The Committee shall approve the engagement and terms of reference of accounting consultants retained by the Corporation and shall oversee their work. The consultant shall attend committee meetings when requested and shall advise the committee of all issues reviewed by them and of their recommendation. Management shall advise the Committee of the actions taken and the concurrence or disagreement of the external auditors with respect to the consultants' advice.
7. The Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Committee shall be its Chair and one of its other members or, if the Chairman is not available, the chairman shall designate one of the other Committee members to act as chairman for the meeting and a quorum shall consist of that member and one other Committee members. The Committee may hold its meetings, and members of the Committee may attend meetings, by telephone conference if this is deemed appropriate.
8. The Committee enquires about potential claims, assessments and other contingent liabilities.
9. The Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.

#### **III. AUTHORITY**

1. The Committee is appointed by the Board pursuant to provisions of the *Canada Business Corporations Act* and the bylaws of the Corporation.
2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's

responsibility to design and implement an effective system of internal control, it is the responsibility of the Committee to ensure that management has done so.

3. The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss any specific issues as appropriate.
5. The Committee shall have the sole authority to retain (or terminate) advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall be provided with the necessary funding to compensate the advisors or consultants retained by the Committee.

#### **IV. RELATIONSHIP WITH EXTERNAL AUDITOR**

1. An external auditor must report directly to the Committee.
2. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Committee shall implement structures and procedures to ensure that it meets with the external auditor on a regular basis in the absence of management.

#### **V. ACCOUNTING SYSTEMS, INTERNAL CONTROLS AND PROCEDURES**

1. The Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Committee shall review to ensure to its satisfaction that adequate internal controls and procedures are in place to permit the CEO and CFO to certify the accuracy of the financial statements.
3. The Committee shall review with the external auditor the quality and not just the acceptability of the Corporation's accounting principles and direct the external auditor's examinations to particular areas.
4. The Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
5. In order to preserve the independence of the external auditor, the Committee will:
  - a. recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
  - b. recommend to the Board the compensation of the external auditor's engagement; and
  - c. review and pre-approve any engagements for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and consider the impact, if any, on the independence of the external auditor.
6. The Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
7. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
8. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

#### **VI. STATUTORY AND REGULATORY RESPONSIBILITIES**

1. Annual Financial Information - review the annual audited financial statements, including the Letter to Shareholders and related news releases and recommend their approval to the Board, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.

2. Annual Report - review the management discussion and analysis ("MD&A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements - review the quarterly interim financial statements, including the Letter to Shareholders and related news releases and recommend their approval to the Board.
4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements, if any.
5. In addition, the Committee must review the Corporation's financial statements, MD&A and earnings news releases before the Corporation publicly discloses this information. In exceptional circumstances where immediate public release is required, the Corporation shall attempt to obtain the approval of as many directors as possible prior to release and shall review the circumstances and the release with the Committee as soon as practicable.

#### **VII. REPORTING**

1. The Committee will report, through the Chairman of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee, and report annually to the Board on the Committee's responsibilities and how it has discharged them.
2. In addition, the Committee will review and reassess these Terms of Reference annually and recommended any proposed changes to the Corporate Governance and Compensation Committee.

#### **VIII. OTHER RESPONSIBILITIES**

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the outside auditor or management.



## **SCHEDULE "B"**

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

#### **General**

The Board of Directors of the Corporation (the "Board") recognizes that good corporate governance is of fundamental importance to the success of the Corporation. The Corporation's governance practices are the responsibility of the Board and the Board has delegated some of its responsibilities to develop and monitor the Corporation's governance practices to the Corporate Governance, Human Resources and Compensation Committee.

On June 30, 2005, the Canadian Securities Administrators ("CSA") adopted rules regarding corporate governance best practices and amendments to the rules relating to audit committees, through the implementation of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") and amendments to Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). NI 58-101 and NP 58-201 replaced the Toronto Stock Exchange's disclosure requirement and guidelines.

With the encouragement of the Board, the Corporation continues to review and update its governance practices. The Corporate Governance Committee has made recommendations which have been adopted by the Board concerning changes in the specific duties and responsibilities of the Board and its Corporate Governance, Human Resources and Compensation Committee to reflect the Corporation's response to the CSA's best practices guidelines.

This Statement of Corporate Governance Practices sets out the Board's assessment of the Corporation's governance practices in accordance with NI 58-101 and NP 58-201. The Corporation's governance practices are generally consistent with the practices and guidelines set out in NI 58-101 and NP 58-201.

#### **Board of Directors**

An "independent director" generally is one who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. The definition of independence in NI 58-101 is the same as the definition set out in MI 52-110.

The Board is comprised of a majority of independent directors (four of the six current directors are independent and four of the six proposed directors are independent). During the past year all members of board committees were independent. With a small board it may not be possible to ensure that the members of all committees are independent; however, a majority of the members of all committees will continue to be independent directors. Mr. Lobo may sit on one or both of the Board committees. Mr. Zinke, Chief Executive Officer of the Corporation will not sit on any committee.

The Board Operating Guidelines provide for any director to seek the services of an advisor to assist on matters involving their responsibilities as a director.

Messrs. Dimma, Baillie, McDougald, and Bastable are all independent directors as that term is used in MI 52-110. None of these directors have a direct or indirect material relationship with the Corporation. Each of these directors is independent of management, none has any material interest, business or other relationship (other than interests and relationships arising from small shareholdings or as noted below) that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Corporation and, none has received any material compensation from the Corporation, other than from director's fees and participation in the Share Accumulation Plan for Directors.

Mr. Lobo is the Managing Director of Mosaic Venture Partners II Limited Partnership which exercises control or direction over approximately 29% of the Corporations' Common Shares. This constitutes a material relationship with the Corporation and Mr. Lobo technically is not considered to be an independent director. The other directors have complete confidence in Mr. Lobo's ability to make unbiased decisions. Mr. Zinke is an executive officer of the Corporation and therefore is not independent.

The independent directors have not had any meetings at which non-independent directors are not in attendance. However, the directors do meet briefly at each Board meeting without management present.

William Dimma is Chairman of the Board and is an independent director. Mr. Dimma is responsible for setting Board meeting schedules and agendas in conjunction with the Chief Executive Officer, and overseeing the process whereby the Board receives full, timely and relevant information to support the Board's decision making obligations.

### Attendance at Meetings

There were eight board meetings held during the fiscal year ending December 31, 2007. The following is the attendance record of directors for these meetings.

Director	Board Meetings Attended
James Baillie	7 out of 8
Colum Bastable	8 out of 8
William Dimma	8 out of 8
Vernon Lobo	8 out of 8
Elson McDougald	8 out of 8
Justin Zinke <sup>(1)</sup>	7 out of 7

<sup>(1)</sup> Mr. Zinke was appointed as a director in February 2007

### Board Mandate

The Board's Terms of Reference and Operating Guidelines, setting out its duties and responsibilities, are attached as Schedule "C" and "D", respectively. The Board as a whole periodically reviews its Terms of Reference and Operating Guidelines.

### Position Descriptions

The Board has developed and approved written position descriptions for the chairman of the Board, the chairman of each of its Audit Committee, Human Resources, Compensation Committee and Corporate Governance Committee, and for the Chief Executive Officer and the President. These position descriptions as summarized below currently are being reviewed by the Board.

Board chair The Board chair is appointed, serves and is removed at the pleasure of the Board. Duties include: providing leadership, managing board affairs, scheduling and presiding at meetings of directors and shareholders, coordinating the dissemination of board materials, presentation of issues and meetings with managers and advisors with management and managing the effective operation of board committees.

Audit Committee chair The Audit Committee chair is appointed, serves and is removed at the pleasure of the Board. Duties include: discharging the duties set out in the committee terms of reference, managing the affairs of the committee, meeting with the Corporations auditors, with management, coordinating the dissemination of materials and identification and discussion of issues, responding to complaints raised through the Whistleblower Policy, and reporting the conclusions and deliberations of the committee to the Board.

Corporate Governance, Human Resources and Compensation Committee chair The chair is appointed, serves and is removed at the pleasure of the Board. The chairman's duties include: discharging the duties set out in the committee terms of reference, managing the affairs of the committee, coordinating the dissemination of materials and identification and discussion of issues, responding to issues respecting the Code of Business Conduct, reviewing executive compensation and reporting the conclusions and deliberations of the committee to the Board.

Chief Executive Officer The Chief Executive Officer ("CEO") is appointed, serves and is removed at the pleasure of the Board. The CEO's duties include: working with the Board to develop the strategic plan and then implementing the strategic plans, financial matters and disclosing information to stakeholders. Where delegated the CEO provides oversight of these functions.

President The President is appointed, serves and is removed at the pleasure of the Board. The President's duties include: working with the Board to develop the budget and then implementing the operating plans, budgets, policies and procedures, evaluating operations and authorizing expenditures. Where delegated the President provides oversight of these functions.

## Other Directorships

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Issuer</u>
William Dimma	Magellan Aerospace Corporation, Brookfield Asset Management Inc. and Home Capital Group Inc. and its subsidiary, Home Trust Company.
James Baillie	Sun Life Financial, Royal Utilities Income Trust.
Elson McDougald	CCR Technologies Ltd., Phoenix Technology Services Inc., Savanna Energy Services Corp., and Phoenix Technology Income fund.
Vernon Lobo	Cyberplex Inc., TECSYS Inc., Soundbite Communications Inc. and Silanis International Limited

## Orientation and Continuing Education

New directors are provided with written information about the duties and obligations of directors and the business and operations of the Corporation. The Corporation provides opportunities for the directors to meet periodically with senior managers, to view the Corporation's premises and attend product presentations. All officers are present at one or more Board meetings a year. Directors are also provided with regular updates for new product development and operations. The details of the orientation of each new director will be tailored to that director's individual needs, interest and expertise.

## Ethical Business Conduct

The Corporate Governance, Human Resources and Compensation Committee's terms of reference give responsibility to that Committee for assessing the need for policies respecting corporate ethics. The Board has adopted a Code of Business Conduct setting out the business principles on which Corporation operates that is distributed to all employees. The Board also has adopted a Complaints and Whistleblower Policy to be distributed to every employee and which allows any concern to be confidentially delivered to the Chairman of the Audit Committee.

## Nomination of Directors

As a newly restructured company, the full Board has retained responsibility for identifying and nominating new directors and for determining the expectations and characteristics required for directors. The Chairperson asks the directors and management to recommend potential candidates who meet the specified requirements.

## Compensation

The full Board reviews the amount and form of director compensation. The Corporate Governance, Human Resources and Compensation Committee reviews the compensation, including both fixed and incentive compensation, for all officers and makes a recommendation to the Board. This committee is comprised of two independent directors. Compensation including benefits is based upon comparisons with other companies with similar businesses and at a similar stage of development. Consideration is also given to any unique characteristics of the employment environment in which the executive operates.

The Corporate Governance, Human Resources and Compensation Committee also reviews the compensation strategy and structure for all employees plus corporate health, benefit and retirement plans.

Directors' compensation is based upon comparisons with similar sized companies at a similar stage of development.

## Other Board Committees

Other than the Audit Committee and the Corporate Governance, Human Resources and Compensation Committee, the board has no other standing Committees.

## Assessments

The Board currently does not have a formal assessment process but is in the process of developing one in accordance with the Board Operating Guidelines. At the present time, the chairman assesses the performance of the directors

and whether the directors collectively have the attributes the Corporation requires. He reviews this with the other members of the Board and recommends any required action.

A sub-committee of the Board has prepared a draft directors' evaluation questionnaire to facilitate an assessment of Board effectiveness to be tabled for Board review during the first half of the year.

## **SCHEDULE "C"**

### **BOARD TERMS OF REFERENCE**

#### **I. INTRODUCTION**

- A The Board's primary responsibility is to foster the long-term success of Decision Dynamics Technology Ltd. (the "Corporation") consistent with the Board's responsibility to the shareholders to strive to maximize shareholder value.
- B The Board of Directors has broad power. Any responsibility not delegated to management or a committee of the Board remains with the Board.
- C These terms of reference are designed to assist the Board and management in clarifying responsibilities and promoting effective communication between the Board and management.

#### **II. COMPOSITION AND BOARD ORGANIZATION**

- A Nominees for directors for election at the Annual General Meeting are initially considered and recommended by the Corporate Governance Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- B During the year the directors may appoint new directors to fill vacancies caused by resignations from the board and the directors may appoint up to one new director for each three directors elected at the Annual general Meeting.
- C A majority of directors must qualify as unrelated directors (i.e. a director who is independent of management and free from any interest and any business or other relationship that could interfere materially with that person's ability to act in the best interests of the Corporation).
- D Certain of the responsibilities of the Board may be delegated to committees of the Board. The responsibilities of those committees are as set forth in their terms of reference.

#### **III. DUTIES AND RESPONSIBILITIES**

##### **A Managing the Affairs of the Board**

The Board operates by delegating certain of its authorities, including certain spending authorizations, to management. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and Bylaws of the Corporation, the Board retains the responsibility for managing its own affairs, including

- 1 planning its composition and size;
- 2 nominating candidates for election to the Board;
- 3 appointing committees;
- 4 determining director compensation; and
- 5 assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

##### **B Management and Human Resources**

The Board has the responsibility for:

- 1 the appointment and succession of the Chief Executive Officer and the President (the "Senior Officers") and monitoring the Senior Officers' performance, approving the Senior Officers' CEO compensation and providing advice and counsel to the the Senior Officers' in the execution of the the Senior Officers's duties;
- 2 approving terms of reference for the the Senior Officers';
- 3 reviewing the Senior Officers' performance at least annually, against agreed upon written objectives;
- 4 approving decisions relating to senior management, including the:
  - (a) appointment and discharge of officers;
  - (b) compensation and benefits for officers;
  - (c) the Senior Officers' acceptance of public service commitments or outside directorships; and

- (d) employment contracts, termination and other special arrangements with officers, and material contracts with other employees.
- 5 reviewing management's succession planning programs, including programs to train and develop management;
- 6 approving certain matters relating to all employees, including:
  - (a) the annual salary policy/program for employees; and
  - (b) new benefit programs or material changes to existing programs.

**C Strategy and Plans**

The Board has the responsibility to:

- 1 participate with management in the development of, and ultimately approve, the Corporation's strategic plan;
- 2 approve the annual business plans;
- 3 approve annual capital and operating budgets;
- 4 approve the entering into, or withdrawing from, lines of business;
- 5 approve divestitures and acquisitions; and
- 6 monitor the Corporation's progress towards its goals, and to revise and alter the Corporation's direction in light of changing circumstances through instruction to management.

**D Financial and Corporate issues**

The Board has the responsibility to:

- 1 review management's monitoring of the integrity of the Corporation's internal control and management information systems, such review may be conducted by the Audit Committee;
- 2 review operating and financial performance;
- 3 approve annual and quarterly financial statements and related management's discussion and analysis and news releases;
- 4 approve the Management Information Circular and Annual Information Form;
- 5 consider the declaration of dividends;
- 6 approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- 7 by way of the Audit Committee, to recommend appointment of external auditors and approve auditors' fees; and
- 8 approve the commencement or settlement of litigation that may have a material effect on the Corporation.

**E Business and Risk Management**

The Board has the responsibility to:

- 1 assist management to identify the principal risks of the Corporation's business and to implement appropriate systems to manage these risks;
- 2 review management's assessment and monitoring of management control systems:
  - (a) evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
  - (b) understand principal risks and management's efforts to achieve an appropriate balance between risk and returns.

**F Policies and Procedures**

The Board has the responsibility to:

- 1 request confirmation from management that the Corporation complies with all significant policies and procedures by which the Corporation is operated;
- 2 direct management to operate the Corporation at all times within applicable laws and regulations and to high ethical and moral standards; and
- 3 review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct and conflict of interest).

#### **G Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- 1 direct management to have in place effective communication processes with shareholders, other appropriate stakeholders and regulatory authorities;
- 2 approve interaction with shareholders on all items requiring shareholder response or approval;
- 3 oversee that the financial and operating performance of the Corporation is reported to shareholders, other security holders and regulators on a timely basis;
- 4 oversee that the financial results are reported fairly in accordance with generally accepted accounting principles;
- 5 oversee the timely reporting of any other corporate developments that have a material effect on the value of the Corporation; and
- 6 report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).

#### **IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

A The Board is responsible for:

- 1 directing management to comply in all material respects with legal requirements, and to properly prepare, approve and maintain documents and records; and
- 2 approving changes in the By-laws and Articles of Incorporation, matters requiring shareholder approval, and agendas for shareholder meetings.

B Corporate law identifies the following as legal requirements for the Board:

- 1 to manage the business and affairs of the Corporation;
- 2 to act honestly and in good faith with a view to the best interests of the Corporation;
- 3 to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances;
- 4 to act in accordance with its obligations contained in the *Canada Business Corporations Act*, the Securities Act of each province and territory of Canada, where applicable, other relevant legislation, regulations and policies, and the Corporation's Articles and By-laws;
- 5 in particular, it should be noted that the following matters must be considered by the Board as a whole:
  - (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
  - (b) fill a vacancy among the Directors or in the office of auditor or appoint additional directors;
  - (c) issue securities;
  - (d) declare dividends;
  - (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
  - (f) the payment of a material commission;
  - (g) approve a management information circular;
  - (h) approve a take-over bid circular or directors circular;
  - (i) approve any public financial statements; or
  - (j) adopt, amend or repeal By-laws of the Corporation.



**SCHEDULE "D"****BOARD OPERATING GUIDELINES****I. INTRODUCTION**

The Board of Directors of Decision Dynamics Technology Ltd. ("Decision Dynamics" or the "Corporation") believe that the principal objective of the Corporation is to generate economic returns to its owners. The Board believes that good corporate governance practices provide an important framework for a timely response by the Corporation's Board to situations that may directly affect shareholder value.

**II. BOARD OPERATING GUIDELINES**

The terms of reference for the Board of Directors define the role of the Board. The following outlines the key guidelines governing how the Board will operate to carry out its duties of stewardship and accountability.

**1 The Board-Management Relationship**

- (a) While the Board is called upon to supervise the management of the business by law, this is done by proxy through the Chief Executive Officer and the President ("the Senior Officers"), who are charged with the day-to-day leadership and management of the Corporation.
- (b) The the Senior Officers' prime responsibility is to lead the Corporation. The the Senior Officers' formulates Corporation policies and proposed actions and presents them to the Board for approval. The Board approves the goals of the business, the objectives and policies within which it is managed and evaluates management performance. The the Senior Officers' keep the Board fully informed of the Corporation's progress towards the achievement of its goals and of all material deviations from the goals or objectives and policies established by the Board in a timely and candid manner.

**2 Board Independence**

The Board must have the capacity to fulfil the Board's responsibilities and act independent of management, which may, if necessary, require taking actions contrary to the views of management. Independence is based upon the absence of relationships and interests that could compromise the ability of a director to exercise judgement with a view to the best interests of the Corporation. The Board must be able to make an objective assessment of management and assess the merits of management initiatives. Therefore, Decision Dynamics is committed to the following practices:

- (a) the recruitment of strong, independent directors (as defined in Multilateral Instrument 52-110 *Audit Committees*);
- (b) a majority of independent directors;
- (c) the Corporate Governance Committee leads the director selection/evaluation process and the the Senior Officers' evaluation process;
- (d) the Audit Committee is constituted with only independent directors;
- (e) all other committees shall be constituted with a majority of independent directors.

**3 Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board's role is to direct management to implement a strategic planning process, and then review, question and ultimately approve the strategy and monitor its implementation.

**4 Business Risks**

The Board should have a continuing understanding of the principal risks associated with the business; and it is the responsibility of management to ensure the Board and its committees are kept well informed of changing risks. The principal mechanisms through which the Board reviews risks are:

- (a) on-going reports from management;
- (b) the strategic planning process; and
- (c) the Audit Committee.

## **5 Succession Planning**

The Board considers succession planning and management development to be an ongoing process, including annual reports to the Board by the Senior Officers'. The Senior Officers' views as to a successor in the event of unexpected incapacity should be discussed regularly with the Corporate Governance Committee.

## **6 Board Communications Policy**

- (a) The Board approves the content of the Corporation's major communications to shareholders and the investing public, including the Quarterly and Annual Report, the Management Information Circular and any prospectuses that may be issued.
- (b) However, the Board believes that it is the function of management to speak for the Corporation (in accordance with the Corporation's Disclosure Policy) in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that individual directors may, from time to time, be requested by management to assist with such communications.
- (c) It is expected that when communications from stakeholders are made to individual directors, management will be informed and consulted to determine any appropriate response to be made by management.

## **7 Evaluation of the Chief Executive Officer**

The Senior Officers' performance is assessed annually by the Board.

## **8 Board Size and Composition**

- (a) The Board is committed to reviewing its size regularly and currently considers six to eight directors to be an appropriate number for the size of the Corporation and sufficient to provide an appropriate mix of backgrounds and skills for the stewardship of the Corporation. In general, the Board believes smaller boards are more cohesive and work more effectively than larger Boards.
- (b) Any director who is an independent director whose circumstances change such that he or she might be considered not to be an independent director shall promptly advise the Board of the change in circumstances.
- (c) At its meeting to approve the Management Information Circular for the Annual Meeting of the shareholders of the Corporation, the Board shall consider and determine whether a director or nominee to be a director is an independent director for the purposes of National Policy 58-201 *Corporate Governance Guidelines*.

## **9 Criteria for Board Membership**

- (a) The Corporate Governance Committee will annually review the general and specific criteria applicable to candidates to be considered for nomination to the Board.
- (b) The objective of this review will be to maintain the composition of the Board in a way that provides a mix of skills and experience to guide the long term strategy and ongoing business operations of the Corporation.
- (c) This review will take into account the desirability of maintaining a reasonable diversity of background skills and experience and personal characteristics among the directors, along with the key common characteristics required for effective Board participation.

## **10 Selection of New Directors**

- (a) The Board is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders.
- (b) The Corporate Governance Committee has the responsibility of gathering the names of potential nominees, screening their qualifications against the current skill and experience needs of the Board and making recommendations to the full Board.
- (c) All directors are encouraged to identify potential candidates.
- (d) The Senior Officers' provides additional direct input to the process.
- (e) An invitation to stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Senior Officers'.

### **11 Director Retirement Age**

There is no retirement policy for directors.

### **12 Board Meetings and Agendas**

- (a) The Board meets a minimum of four times per year, usually every quarter.
- (b) The chairman develops the agenda for each Board meeting.
- (c) Under normal circumstances, the agenda and the material will be distributed to directors not less than five business days before the meeting. All directors are free to suggest additions to the agenda.

### **13 Meetings of Unrelated Directors**

At each Board meeting, at the discretion of the chairman, the outside directors will meet briefly without management.

### **14 Board Information**

- (a) Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings will briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material. Whenever reasonably possible material for directors meetings will be sent to directors five business days in advance of the meeting.
- (b) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

### **15 Non-Directors at Board Meetings**

- (a) The Board appreciates the value of having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations.
- (b) The Board Chair will determine who will attend Board meetings and for which agenda items.

### **16 Committees**

- (a) Each committee is to operate according to a Board approved written mandate outlining its duties and responsibilities.
- (b) The committee structure may be subject to change as the Board considers from time-to-time which of its responsibilities can best be fulfilled through more detailed review of matters in committee.
- (c) The current committee structure includes;
  - (1) Audit Committee
  - (2) Corporate Governance, Human Resources and Compensation Committee

### **17 Board Contact with Senior Management**

The Board encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

### **18 New Director Orientation**

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest.

### **19 Assessing the Board's Performance**

- (a) The Corporate Governance Committee is responsible for developing an annual assessment of the overall performance of the Board and its committees.
- (b) The objective of this review will be to contribute to a process of a continuous review of the Board's execution of its responsibilities.

- (c) It is expected that the results of such reviews will be to identify any areas where the directors and/or Management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation in such a way as to add shareholder value.

**20 Director Compensation**

The Compensation Committee will review the compensation of the directors each year. The Committee will make recommendations to the Board for consideration when it believes changes in compensation are warranted.

**21 Limits to Management Authority**

From time to time, the Board establishes limits on management's authority depending on the nature and size of proposed transactions. These limits permit some flexibility within approved budgets but otherwise must not be exceeded without Board approval.

**22 Outside Advisors for Individual Directors**

Occasionally individual directors may need the services of an advisor to assist on matters involving their responsibilities as a Board member. The Board has determined that any director who wishes to engage an outside advisor at the expense of the Corporation, obtain the authorization of the Senior Officers'.

**23 Board Guideline Review**

The Corporate Governance Committee will review these Guidelines periodically and any recommended changes will be submitted to the Board for approval.

**EXHIBIT "E"****BY-LAW NO. 2**

- 1. Calling of and Notice of Meetings** - Meetings of the board shall be held at such place and time and on such day as the chairman of the board, president, chief executive officer, chief financial officer or a vice-president, who is a director, if any, or any two directors may determine. Notice of meetings of the board shall be given to each director not less than 24 hours before the time when the meeting is to be held. No notice of meeting is required for any regularly scheduled meeting except where the Business Corporations Act requires the notice to specify the purpose of, or the business to be transacted at, the meeting. Provided a quorum of directors is present, a meeting of directors may be held, without notice, immediately following the annual meeting of shareholders. The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any person, or any error in any notice not affecting the substance of the notice, does not invalidate any resolution passed or any action taken at the meeting. In the case of what is considered by the chairman of the board, the president, the chief executive officer, the chief financial officer or a vice-president, who is a director, in his discretion, to be a matter of urgency, notice of a meeting of the directors may be given by telephone or any other communication facility not less than 24 hours before such meeting is to be held and such notice shall be adequate for the meeting so convened. Any irregularity in the notice of an emergency meeting must also be waived by any director.
- 2. Quorum** - Subject to the residency requirements contained in the Business Corporations Act, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors then elected or appointed, or such greater or lesser number of directors as the board may from time to time determine.
- 3. Place of Meeting** - Meetings of the board may be held in or outside Canada.
- 4. Votes to Govern** - At all meetings of the board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.
- 5. Committees of Directors** - The directors may appoint from their number one or more committees and delegate to such committees any of the powers of the directors except those powers that, under the Business Corporations Act, a committee of directors has no authority to exercise.
- 6. Proceedings of Committees** - Meetings of committees of directors may be held at any place in or outside Canada. At all meetings of committees, every question shall be decided by a majority of the votes cast on the question. Unless otherwise determined by the directors, each committee of directors may make, amend or repeal rules and procedures to regulate its meetings including: (i) fixing its quorum, provided that quorum may not be less than a majority of its members; (ii) procedures for calling meetings; (iii) requirements for providing notice of meetings; (iv) selecting a chair for a meeting; and (v) determining whether the chair will have a deciding vote in the event there is an equality of votes cast on a question.
- 7. Interest of Directors and Officers Generally in Contracts** - No director or officer shall be disqualified by his office from contracting with the Corporation nor shall any contract or transaction entered into by or on behalf of the Corporation with any director or officer or in which any director or officer is in any way interested be liable to be voided nor shall any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or transaction by reason of such director or officer holding that office or of the fiduciary relationship thereby established; provided that the director or officer shall have complied with the provisions of the Business Corporations Act. Without limiting the generality of the foregoing, all newly elected directors, or appointed officers, shall disclose to the chairman of the board all material contractual relations such director or officer has that when entered into would have, if the individual had been in a fiduciary relationship with the Corporation at that time, rendered that individual to be in a conflict of interest with the Corporation.
- 8. Appointment of Officers** - Subject to the articles and any unanimous shareholder agreement, the board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Business Corporations Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to the provisions of this by-law, an officer may but need not be a director and one person may hold more than one office.

9. **Removal** – All officers shall be subject to removal by resolution of the board at any time, with or without cause. Such removal is without prejudice to the officer's rights under any employment contract with the Corporation.
10. **Chairman of the Board** - The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the president or chief executive officer; and he shall, subject to the provisions of the Business Corporations Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the president, if any, or by the chief executive officer.
11. **President** - If appointed, the president shall have general powers and duties of supervision of the business of the Corporation; and he shall have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chairman of the board shall also have the powers and duties of that office.
12. **Vice-President** - A vice-president shall have such powers and duties as the board or, if so directed by the board, the chairman of the board, if any, or the president may specify from time to time.
13. **Secretary** - A secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board may specify.
14. **Treasurer** - A treasurer shall keep proper accounting records in compliance with the Business Corporations Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify.
15. **Agents and Attorneys** - The board shall have the power from time to time to appoint agents and attorneys for the Corporation in or outside Canada with such powers as the board sees fit.

#### SHAREHOLDERS' MEETINGS

16. **Quorum** – A quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the meeting.
17. **Votes to Govern** - At any meeting of shareholders every question shall, unless otherwise required by the Business Corporations Act, be determined by the majority of votes cast on the question. In case of an equality of votes either upon a show of hands, a poll or any other manner permitted by the Business Corporations Act, the chairman of the meeting shall not be entitled to a second or casting vote.
18. **Show of Hands** - Subject to the provisions of the Business Corporations Act, any question at a meeting of shareholders shall be decided by a show of hands or any other manner permitted by the Business Corporations Act unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.
19. **Ballots** - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands or other form of voting has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Business Corporations Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

## INDEMNIFICATION

**20. Limitation of Liability** – Every director and officer in exercising the powers and discharging the duties of office must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the provisions of the Business Corporations Act and other applicable law, no director or officer is liable for:

- a. the acts, omissions or defaults of any other director or officer or any employee of the Corporation;
- b. any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation;
- c. the insufficiency or deficiency of any security in or upon which any of the money of the Corporation is invested;
- d. any loss or damage arising from the bankruptcy, insolvency or tortious or criminal acts of any person with whom any of the Corporation's money is, or securities or other property are, deposited;
- e. any loss occasioned by any error of judgment or oversight; or
- f. any other loss, damage or misfortune which occurs in the execution of the duties of office or in relation to it;
- g. unless occasioned by the wilful neglect or default of that director or officer. Nothing in this by-law relieves any director or officer of any liability imposed by the Business Corporations Act or otherwise by law.

**21. Indemnity** - Subject to the provisions of the Business Corporations Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if:

- a. he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

**22. Advance of Costs** - The Corporation shall advance moneys to a director, officer or other person for the costs, charges and expenses of a proceeding contemplated in paragraph 21 above. The individual shall repay the moneys if the individual does not fulfil the conditions in paragraph 21 above.

**23. Insurance** - Subject to the provisions of the Business Corporations Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the board may from time to time determine.

## DIVIDENDS

**24. Dividends** - Subject to the provisions of the Business Corporations Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

**25. Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

**26. Non-Receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnify, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

- 27. Unclaimed Dividends** - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

#### **BANKING ARRANGEMENTS AND EXECUTION OF INSTRUMENTS**

- 28. Banking Arrangements** - The banking business of the Corporation, or any part thereof, shall be transacted with such banks, trust companies or other financial institutions as the board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the board may designate, direct or authorize from time to time by resolution and to the extent therein provided.
- 29. Execution of Instruments** - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by the chairman of the board, the president, or by any other officer of the Corporation, and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.
- 30. Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

#### **MISCELLANEOUS**

- 31. Invalidity of Any Provisions of This By-law** - The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.
- 32. Omissions and Errors** - The accidental omission to give any notice to any director, officer, shareholder or auditor or the non-receipt of any notice by any director, officer, shareholder or auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.
- 33. Notice** - Any notice, communication or document required to be given, delivered or sent by the Corporation to any director, officer, shareholder or auditor is sufficiently given, delivered or sent if delivered personally, or if delivered to the person's recorded address, or if mailed to the person at the person's recorded address by prepaid mail, or if otherwise communicated by electronic means permitted by the Business Corporations Act. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been sent at the time it was deposited in a post office or public mail box; a notice so sent by electronic means shall be deemed to have been given on the day on which it is transmitted. Without limiting the generality of the foregoing, any notice required to be sent within a prescribed period of time pursuant to the Business Corporations Act or this by-law must be
- 34.** The directors may establish procedures to give, deliver or send a notice, communication or document to any director, officer, shareholder or auditor by any means of communication permitted by the Business Corporations Act or other applicable law. In addition, any notice, communication or document may be delivered by the Corporation in the form of an electronic document.

### **INTERPRETATION**

**35. Interpretation** - In this by-law and all other by-laws of the Corporation words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include an individual, partnership, association, body corporate, executor, administrator or legal representative and any number or aggregate of persons; "articles" include the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement and articles of revival; "board" shall mean the board of directors of the Corporation; "Business Corporations Act" shall mean the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time, or any Act that may hereafter be substituted therefor; "meeting of shareholders" shall mean and include an annual meeting of shareholders and a special meeting of shareholders of the Corporation; and "signing officers" means any person authorized to sign on behalf of the Corporation pursuant to paragraph 29.