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**CSI WIRELESS INC.**

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**NOTICE OF SPECIAL AND ANNUAL GENERAL MEETING**

**and**

**MANAGEMENT PROXY CIRCULAR**

**WITH RESPECT TO THE**

**SPECIAL AND ANNUAL GENERAL MEETING OF  
SHAREHOLDERS**

**TO BE HELD MAY 27, 2004**

**CSI WIRELESS INC.**

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

NOTICE is hereby given that a Special and Annual General Meeting (the "Meeting") of the shareholders of CSI Wireless Inc. (the "Corporation" or "CSI") will be held at the Eau Claire Room, Westin Hotel, 4th Avenue and 3rd Street S.W., Calgary, Alberta on Thursday, May 27, 2004 at 3:00 p.m. in the afternoon (Calgary time) for the following purposes:

1. To receive and consider the financial statements of the Corporation, together with the report of the auditors thereon, for the year ended December 31, 2003;
2. To fix the number of Directors to be elected at the Meeting at seven (7);
3. To elect Directors for the ensuing year;
4. To appoint auditors for the ensuing year and to authorize the Board to fix their remuneration;
5. To consider and, if thought advisable, to pass an ordinary resolution approving certain amendments to the Share Option Plan of the Corporation, all as more particularly described in the Information Circular;
6. To consider and, if thought advisable, to pass an ordinary resolution approving the future issuance of Common Shares of the Corporation by way of private placement in excess of 25% of the outstanding Common Shares of the Corporation, all as more particularly described in the Information Circular; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular - Proxy Statement accompanying and forming part of this Notice.

The Directors of the Corporation have fixed a record date for the purpose of determining the shareholders entitled to receive notice of the Meeting. Each person who is a holder of common shares of record at the close of business on April 12, 2004 (the "Record Date") will be entitled to notice of, and to attend and vote at, the Meeting except, to the extent that such a shareholder transfers the ownership of any of his/her shares after the Record Date and the transferee of those shares establishes that he/she owns such shares and demands, not later than ten days before the Meeting, that his/her name be included in the list of shareholders entitled to vote at the Meeting, such transferee will be entitled to vote such shares at the Meeting.

**Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with the Corporation, c/o Computershare Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8. In order to be valid and acted upon at the Meeting, instruments of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof.**

DATED at Calgary, Alberta, this 12<sup>th</sup> day of April, 2004.

BY ORDER OF THE BOARD OF DIRECTORS

(signed)"Stephen A. Verhoeff"

Chief Executive Officer

## TABLE OF CONTENTS

	Page
GLOSSARY OF TERMS .....	1
PART I - INTRODUCTION .....	2
PART II - GENERAL PROXY INFORMATION .....	2
Solicitation of Proxies .....	2
Appointment of Proxies .....	2
Revocability of Proxy .....	3
Persons Making the Solicitation .....	3
Exercise of Discretion .....	3
Advice to Beneficial Holders of Securities .....	4
PART III - MATTERS TO BE ACTED UPON AT THE MEETING .....	4
Election of Directors .....	4
Appointment of Auditors .....	6
Ratification and Approval of Amendments to the Employee Share Option Plan .....	6
Advance Shareholder Approval for Private Placements .....	7
PART IV - INFORMATION CONCERNING THE CORPORATION .....	8
VOTING SHARES AND PRINCIPAL HOLDERS THEREOF .....	8
EXECUTIVE COMPENSATION .....	9
Cash and Other Compensation .....	9
Option Grants .....	10
Option Exercises .....	11
Compensation Committee .....	11
Report of Compensation Committee .....	11
Executive Employment Contracts and Termination of Employment .....	13
Share Option Plans .....	13
Incentive Share Administration Plan .....	15
Compensation of Directors .....	15
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	16
CORPORATE GOVERNANCE .....	16
INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AT THE MEETING ...	22
INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS .....	22
OTHER MATTERS .....	22
APPROVAL AND CERTIFICATION .....	23

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular.

**"Board"** or **"Board of Directors"** means the board of directors of CSI as presently constituted;

**"Business Day"** means a day, other than a Saturday, Sunday or statutory holiday when banks are generally open for the transaction of banking business;

**"Common Shares"** means the common shares of CSI, as presently constituted;

**"Corporation"** or **"CSI"** means CSI Wireless Inc., a corporation incorporated pursuant to the laws of the Province of Alberta;

**"Director"** means a director of the Corporation;

**"Guidelines"** means the guidelines adopted by the TSX relating to corporate governance matters;

**"Information Circular"** means this management proxy circular in respect of the Meeting;

**"Meeting"** means the special and annual general meeting of the shareholders of CSI to be held on May 27, 2004;

**"Plan"** means the share option plan of the Corporation, as amended;

**"Record Date"** means the record date for the Meeting, being April 12, 2004; and

**"TSX"** means the Toronto Stock Exchange.

**CSI WIRELESS INC.****INFORMATION CIRCULAR - PROXY STATEMENT****Special and Annual General Meeting of Shareholders  
to be held on May 27, 2004****PART I - INTRODUCTION**

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of CSI Wireless Inc. (the "Corporation" or "CSI") for use at the Special and Annual General Meeting of Shareholders of the Corporation (the "Meeting") to be held at the Eau Claire Room, Westin Hotel, 4th Avenue and 3rd Street S.W., Calgary, Alberta on Thursday, May 27, 2004 at 3:00 p.m. in the afternoon (Calgary time) and at any adjournment thereof, and on every ballot that may take place in consequence thereof, for the purposes set forth in the Notice of Special and Annual General Meeting of Shareholders.

Unless otherwise stated, the information contained in this Information Circular is given as at April 12, 2004.

No person has been authorized by CSI to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by CSI.

**PART II - GENERAL PROXY INFORMATION****Solicitation of Proxies**

The Board of Directors has fixed the record date for the Meeting at the close of business on April 12, 2004 (the "Record Date"). Only holders of Common Shares of record as at that date are entitled to notice of the Meeting. Shareholders of record will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

At the close of business on April 12, 2004, there were 32,635,845 Common Shares issued and outstanding. Two persons present in person and holding or representing not less than five (5%) percent of the Common Shares entitled to vote thereat will constitute a quorum at the Meeting.

**Appointment of Proxies**

Instruments of proxy must be mailed so as to reach or be deposited with the Corporation, % Computershare Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof.

Instruments of proxy must be in writing and must be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees, etc. should so indicate and give their full title as such.

**The persons named in the enclosed Instrument of Proxy are officers and directors of the Corporation. Each shareholder has the right to appoint a person or persons, who need not be shareholders of the Corporation, other than the persons designated in the Form of Proxy furnished by the Corporation, to attend and act on such shareholder's behalf at the Meeting. To exercise such right, the names of management's nominees may be crossed out and the name(s) of the shareholder's nominee(s) legibly printed in the blank space provided, or another appropriate instrument of proxy may be submitted.**

### **Revocability of Proxy**

An instrument of proxy may be revoked 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 shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or by its attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation, 4110 - 9<sup>th</sup> Street S.E., Calgary, Alberta, T2G 3C4, at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

### **Persons Making the Solicitation**

**This solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Instrument of Proxy, the Notice of Special and Annual General Meeting of Shareholders and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

### **Exercise of Discretion**

The shares represented by the Instrument of Proxy furnished by the Corporation, where the shareholder specifies a choice with respect to any matter to be acted upon, will be voted or withheld from voting on any ballot in accordance with the specification so made. In the absence of such specification, such shares will be voted in favour of the matters described in the Notice of Special and Annual General Meeting of Shareholders. **The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of the printing of this Information Circular - Proxy Statement, the management of the Corporation knows of no such amendment, variation or other matter.**

## **Advice to Beneficial Holders of Securities**

The information set forth in this section is of significant importance to many public shareholders of CSI, as a substantial number of the public shareholders of CSI do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of CSI as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of CSI. Such 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 shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). 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 shares for their clients. The directors and officers of CSI do not know for whose benefit the shares registered in the name of CDS & Co. 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 procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC 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 IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to IICC well in advance of the Meeting in order to have the shares voted.

## **PART III - MATTERS TO BE ACTED UPON AT THE MEETING**

### **Election of Directors**

The Board presently consists of seven (7) directors, the term of office of each of whom will expire at the Meeting unless directors are not elected at the Meeting (in which case the incumbent directors continue in office until their successors are elected).

The Articles of the Corporation specify that the Board of Directors shall consist of a minimum of three and a maximum of eleven directors. At the Meeting, shareholders will be asked to fix, at seven (7) members, the number of directors to be elected at the Meeting and to elect seven (7) directors to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at seven (7) members and in favour of the election as directors of the seven (7) nominees hereinafter set forth:

Stephen A. Verhoeff	Michael J. Lang
Brian J. Hamilton	Howard W. Yenke
Hamid Najafi	Paul L. Camwell
Michael W. Brower	

The names and municipalities of residence of the persons nominated for election as directors, the number of Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the offices held by each in the Corporation, the period served as director and the principal occupation of each are as follows:

Name and Position with the Corporation	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised
Stephen A. Verhoeff Calgary, Alberta President, Chief Executive Officer and a Director	President and Chief Executive Officer of the Corporation	1990	633,504 <sup>(1)</sup>
Brian J. Hamilton <sup>(2)(4)</sup> Calgary, Alberta Director	Executive and Financial Consultant	1996	0 <sup>(6)</sup>
Hamid Najafi Los Altos Hills, California Director	Independent Consultant and President, BroadLink Research Inc. (a private consulting company)	2000	957,100 <sup>(7)</sup>
Michael W. Brower Felton, California Director	President, Fall Creek Consultants Inc. (a private consulting company)	2000	200,110 <sup>(8)</sup>
Michael J. Lang <sup>(2)(3)</sup> Calgary, Alberta Non-Executive Chairman and Director	Chairman, StoneBridge Merchant Capital Corp. (a private investment company)	1996	538,855 <sup>(5)</sup>
Howard W. Yenke <sup>(3)</sup> Onset, Massachusetts Director	Retired Executive	1996	40,000 <sup>(9)</sup>
Paul L. Camwell <sup>(2)(4)</sup> Calgary, Alberta Director	Chief Technology Officer of Extreme Engineering Ltd. (a private engineering firm)	1998	24,562 <sup>(10)</sup>

Notes:

- (1) An additional 122,300 Common Shares are owned by the Verhoeff Family Trust, of which Mr. Verhoeff is the trustee and a beneficiary. Excludes options to purchase an aggregate of 340,000 common shares at prices ranging from \$1.67 to \$2.40 per common share.
- (2) Members of the Corporation's Audit Committee.
- (3) Members of the Corporation's Compensation Committee.
- (4) Members of the Corporation's Corporate Governance Committee.
- (5) An additional 13,800 Common Shares and 84,000 Common Share purchase warrants are owned by Susanne Lang, Mr. Lang's sister-in-law, of which Mr. Lang has trading authority on the account. The warrants expire on August 8, 2005 and have an exercise price of \$2.00. The amount excludes options to purchase an aggregate of 163,000 Common Shares at prices ranging from \$1.67 to \$2.40 per common share.
- (6) Excludes options to purchase an aggregate of 100,000 Common Shares at the price of \$1.67 per Common Share.
- (7) Excludes options to purchase an aggregate of 100,000 Common Shares at the price of \$3.08 per Common Share.

- (8) Excludes options to purchase an aggregate of 39,969 Common Shares at the price of \$1.66 per Common Share.
- (9) Excludes options to purchase an aggregate of 40,000 Common Shares at prices ranging from \$1.67 to \$2.40 per Common Share.
- (10) Excludes options to purchase an aggregate of 40,000 Common Shares at prices ranging from \$1.67 to \$2.40 per Common Share.
- (11) The Corporation has an Executive Committee consisting of Stephen Verhoeff, Cameron Olson, Colin Maclellan and Theresa Lea.

The information as to principal occupation and as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised is based upon information provided by the nominees as of April 12, 2004. Each of the above nominees is a director of the Corporation elected at the last annual general meeting of shareholders of CSI.

### **Appointment of Auditors**

The persons named in the Instrument of Proxy furnished by the Corporation intend, unless otherwise directed, to vote in favour of an ordinary resolution to reappoint the firm of KPMG, LLP, Chartered Accountants, to serve as auditors of the Corporation to hold office until the next annual general meeting of shareholders and to authorize the Board to fix their remuneration. KPMG, LLP, Chartered Accountants, were originally appointed as auditors of the Corporation on January 1, 1996.

### **Ratification and Approval of Amendments to the Employee Share Option Plan**

As at the date hereof, the Plan, as previously adopted by the Board and approved by the shareholders of the Corporation, provides that the aggregate number of Common Shares issuable under the Plan not exceed 3,165,000 Common Shares, which represented approximately 15% of outstanding common shares at the time such limit was approved. The approval of shareholders is required to be obtained if the number of the Common Shares which can be issued under the Plan is increased.

As at the date hereof, options to purchase 2,419,223 Commons Shares are presently outstanding under the Plan, representing approximately 7.4% of the Common Shares outstanding. The Corporation has established an internal policy that the number of Common Shares issuable under the Plan will be no more than 15% of the outstanding number of Common Shares. This policy was established at the percentage level that management and the Board of Directors considered necessary in order to offer compensation programs to existing and new employees that are competitive with a number of Canadian public companies competing in markets similar to that of the Corporation. In order to assess the appropriate percentage level, the percentage of outstanding options for certain Canadian public companies was reviewed, and were found to have outstanding options ranging between 10.9% and 15.6% of their outstanding common shares.

The Board is proposing to increase the maximum number of Common Shares which may, from time to time, be issued under the Plan from 3,165,000 to 5,600,000 Common Shares, subject to regulatory and shareholder approval. After giving account to stock options previously exercised under the Plan, this amendment will permit the granting of options to purchase a total of 4,873,539 Common Shares, representing 14.9% of outstanding Common Shares as at April 12, 2004. In light of the increase in the outstanding share capital of the Corporation due to various financing initiatives, and the actual and anticipated future growth of the Corporation, the Board has determined that the increase is necessary in order to ensure that a sufficient number of stock options are available under the Plan to provide the Corporation with the ability to attract, retain and reward officers, directors and employees of the Corporation, and its subsidiaries, through the use of a competitive share compensation program.

In accordance with the policies of the TSX, the proposed amendment to the Plan must be approved by a majority of votes cast at the Meeting. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, to approve an ordinary resolution, substantially in the following form:

BE IT RESOLVED THAT:

1. the share option plan (the "Plan") of the Corporation be amended by increasing the maximum number of Commons Shares issuable thereunder to an aggregate of 5,600,000 Common Shares;
2. any director or officer of the Corporation be and is authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the proposed amendment to the Plan is conditional upon receipt of final approval from the Toronto Stock Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

#### **Advance Shareholder Approval for Private Placements**

The Corporation from time to time investigates opportunities to raise financing on advantageous terms. While the Corporation has no specific plans at this time, it may undertake one or more financings over the next year that may be structured as private placements. Under the rules of The Toronto Stock Exchange (the "TSX"), the aggregate number of shares of a listed company which are issued or made subject to issuance (i.e., issuable under a share purchase warrant or option or other convertible security) by way of one or more private placement transactions during any particular six-month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such transactions (the "TSX 25% Rule"), unless shareholder approval has been obtained for such transactions.

The application of the TSX 25% Rule may restrict the availability to the Corporation of funds which it may wish to raise in the future by private placement of its securities.

The TSX will accept advance approval by shareholders in anticipation of private placements that may exceed the TSX 25% Rule provided such private placements are completed within 12 months of the date such advance shareholder approval is given. Accordingly, the Corporation wishes to present to shareholders a proposal to proceed with additional private placements over the next twelve months in excess of the TSX 25% Rule.

The Corporation's issued and outstanding share capital is 32,635,845 Common Shares as at April 12, 2004. Accordingly, the Corporation proposes that the maximum number of Common Shares which either would be issued or made subject to issuance under one or more private placements in the 12 month period commencing May 27, 2004 would not exceed 16,000,000 Common Shares in the aggregate, or approximately 49.0% of the Corporation's issued and outstanding Common Shares.

Any private placement proceeded with by the Corporation under the advance approval being sought at the Meeting will be subject to the following additional restrictions:

1. it must be substantially with parties at arms' length to the Corporation;
2. it cannot materially affect the control of the Corporation;
3. it must be completed within a 12 month period following the date the shareholder approval is given; and
4. it must comply with the private placement pricing rules of the TSX, which currently require that the issued price per Common Shares must not be lower than the closing market price of the Common Shares on the TSX on the trading date prior to the date notice of the Private Placement is given to the TSX (the "Market Price"), less the applicable discount, as follows:

<u>Market Price</u>	<u>Maximum Discount</u>
\$0.50 or less	25%
\$0.51 to \$2.00	20%
\$2.00 and above	15%

(for these purposes, a private placement of unlisted convertible securities is deemed to be a private placement of the underlying listed securities at an issue price equal to the lowest price at which the securities are convertible by the holders thereof).

In any event, the TSX retains the discretion to decide whether or not a particular placement is "substantially" at arm's length or will materially affect control in which case specific shareholder approval may be required.

At the Meeting, shareholders will be asked to consider the following ordinary resolution (the "Private Placement Resolution"):

"BE IT RESOLVED THAT the issuance by the Corporation in one or more private placements during the 12 month period commencing May 27, 2004 of up to 16,000,000 Common Shares, as more particularly described in and subject to the restrictions described in the Corporation's Information Circular - Proxy Statement dated April 12, 2004, be and is hereby approved."

In order to approve the ordinary resolution, a majority of the votes cast, in person or by proxy, at the Meeting on the Private Placement Resolution must be voted in favour thereof. In the event that the resolution is not passed, the TSX will not approve any private placements that result in the issuance or possible issuance of the number of shares which exceed the TSX 25% Rule, without specific shareholder approval. Such restriction could impede the Corporation's timely access to required funds on favourable terms and thus affect the ability of the Corporation to capitalize on opportunities that may arise.

## **PART IV - INFORMATION CONCERNING THE CORPORATION**

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, both of which are issuable in series. As at April 12, 2004, there were 32,635,845 Common Shares issued and outstanding. Two persons present in person and holding or representing not less than five (5%) percent of the Common Shares entitled to vote thereat will constitute a quorum at the Meeting.

The holders of Common Shares are entitled to receive notice of all shareholders meetings (other than meetings of a class or series of shares of the Corporation other than the Common Shares) and to one (1) vote thereat for each share held. The holders of the Common Shares are entitled to receive such dividends as are declared by the Board of Directors on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of the Corporation ranking in priority to the Common Shares, and in respect of return of capital, the holders of Common Shares are entitled to share pro rata together with the holders of any other classes of shares ranking equally with the Common Shares in such assets of the Corporation as are available for distribution.

The Corporation has authorized the first series of First Preferred Shares, being the Series 1 First Preferred Shares, of which 1,550,000 have been authorized for issuance. As of the date hereof, an aggregate of 1,511,000 Series 1 First Preferred Shares are issued and outstanding.

To the knowledge of the directors or senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than ten (10%) percent of the voting rights attached to any class of voting securities of the Corporation as at the date hereof.

## EXECUTIVE COMPENSATION

### Cash and Other Compensation

The information provided below relates to remuneration paid to the Corporation's Chief Executive Officer and each of the Corporation's four most highly compensated executive officers during the financial years ended December 31, 2003, December 31, 2002 and December 31, 2001 (the "Named Executive Officers"). All figures are in Canadian dollars unless indicated otherwise.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Stephen A. Verhoeff President and Chief Executive Officer	2003	193,500	30,000	Nil	200,000	Nil	Nil	9,000 <sup>(7)</sup>
	2002	183,647	55,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	9,000 <sup>(7)</sup>
	2001	156,772	35,000	Nil	Nil	Nil	Nil	9,000 <sup>(7)</sup>
Brian J. Hamilton Former Executive Vice-President and Chief Financial Officer <sup>(1)</sup>	2003	110,666	25,000	Nil	100,000	Nil	Nil	225,121 <sup>(8)</sup>
	2002	136,668	45,000 <sup>(5)</sup>	Nil	Nil	Nil	Nil	140,089 <sup>(8)</sup>
	2001	116,667	25,000	Nil	Nil	Nil	Nil	12,996 <sup>(8)</sup>
Colin Maclellan Chief Operating Officer	2003	186,724	22,000	Nil	50,000	Nil	Nil	64,939 <sup>(9)</sup>
	2002	64,817	Nil	Nil	175,000	Nil	Nil	136,590 <sup>(9)</sup>
Mark Penman Vice President Sales & Marketing, GPS <sup>(2)</sup>	2003	107,051US	Nil	5,000US <sup>(6)</sup>	75,000	Nil	Nil	35,090US <sup>(10)</sup>
Cameron B. Olson Chief Financial Officer and Vice-President Finance <sup>(3)</sup>	2003	136,636	15,000	Nil	90,000	Nil	Nil	34,241 <sup>(11)</sup>
	2002	117,227	9,000	Nil	8,000	Nil	Nil	39,767 <sup>(11)</sup>
	2001	112,733	10,000	Nil	20,000	Nil	Nil	9,000 <sup>(11)</sup>

## Notes:

- (1) Mr. Hamilton resigned from CSI effective October 15, 2003.
- (2) Mr. Penman's employment with the Corporation was terminated effective November 10, 2003.
- (3) Mr. Olson assumed the role of Chief Financial Officer and Vice-President Finance effective October 15, 2003. Prior to this, Mr. Olson was Vice-President Finance, Wireless.
- (4) Represents bonus earned in 2002, of which \$27,500 was paid in 2002 and \$27,500 was paid in 2003.
- (5) Represents bonus earned in 2002, of which \$22,500 was paid in 2002 and \$22,500 was paid in 2003.
- (6) Represents commissions paid during 2003.
- (7) Mr. Verhoeff receives a car allowance of \$750 per month.
- (8) For 2003, Mr. Hamilton received severance of \$160,000, a car and computer allowance of \$10,288 (\$12,996 in 2001 and 2002), and shares under the Incentive Share Administration Plan of \$54,833 (\$127,093 in 2002). \$80,000 of the severance payment was paid in 2003 and \$80,000 was paid in 2004.
- (9) For 2003, Mr. Maclellan received a car allowance of \$9,000 (\$3,375 in 2002) and shares under the Incentive Share Administration Plan of \$55,939 (\$97,215 in 2002). In 2002, Mr. Maclellan also received \$36,000 of consulting fees prior to becoming an employee of the Corporation.
- (10) This amount includes severance paid of \$31,250US and a payout of accumulated vacation owing of \$3,840US.
- (11) For 2003, Mr. Olson received a car allowance of \$9,000 (\$9,000 in 2001 and 2002) and shares under the Incentive Share Administration Plan of \$25,241 (\$30,767 in 2002).
- (12) During 2003, there were ten executive officers of the Corporation. In respect of the financial year ended December 31, 2003, the ten executive officers received, in the aggregate, cash remuneration of \$1,982,152.

### Option Grants

The Corporation has from time to time, issued options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Corporation and its subsidiaries. Pursuant to the Corporation's share option plan the aggregate number of Common Shares that may be issued pursuant to the exercise of options shall not exceed 3,165,000. The exercise price of such options cannot be less than the market price of the Common Shares on the stock exchange on which such shares are then traded.

The following table details the grants of options to purchase Common Shares of the Corporation to the Named Executive Officers during the financial year ended December 31, 2003.

Name	Options Granted in 2003	% of Total Options Granted to Employees <sup>(1)</sup>	Exercise Price (\$/share)	Market Value of Common Share on the Date of Grant <sup>(2)</sup> (\$/share)	Expiry Date
Stephen A. Verhoeff	200,000	15.6%	1.67	1.67	August 28, 2008
Brian J. Hamilton	100,000	7.8%	1.67	1.67	August 28, 2008
Colin Maclellan	50,000	3.9%	1.67	1.67	August 28, 2008
Mark Penman	75,000	5.9%	1.25	1.25	December 7, 2007 <sup>(3)</sup>
Cameron Olson	50,000 40,000	3.9% 3.1%	1.67 1.58	1.67 1.58	August 28, 2008 October 15, 2008

## Notes:

- (1) During the financial year ended December 31, 2003 a total of 1,275,000 options to purchase Common Shares were granted under the Plan.
- (2) Based on the closing price of the Common Shares on the TSX on the date of grant.
- (3) Mr. Penman's employment was terminated effective November 10, 2003. Mr. Penman exercised 22,917 stock options in January 2004 and the remainder were cancelled effective February 8, 2004.

## Option Exercises

The following table sets forth information with respect to options exercised by the Named Executive Officers during the most recently completed financial year and their respective option positions as at December 31, 2003.

Name	Options Exercised (#)	Aggregate Value Realized <sup>(1)</sup> (\$)	Unexercised Options at Financial Year End Exercisable/Unexercisable (#)	Value of Unexercised in-the-money Options at Financial Year End Exercisable/Unexercisable <sup>(4)</sup> (\$)
Stephen A. Verhoeff	Nil	N/A	173,333/166,667	9,000/45,000
Brian J. Hamilton	Nil	N/A	156,667/83,333 <sup>(2)</sup>	4,500/22,500
Colin Maclellan	Nil	N/A	107,639/117,361	1,500/12,000
Mark Penman	Nil	N/A	22,917/52,083 <sup>(3)</sup>	15,813/35,937
Cameron Olson	Nil	N/A	35,778/82,222	15,420/25,600

### Notes:

- (1) Based upon market value of the Common Shares at exercise, less the exercise price.
- (2) Effective January 13, 2004, Mr. Hamilton had 140,000 options cancelled.
- (3) Mr. Penman exercised 22,917 options in January 2004. The remaining 52,083 options expired effective February 8, 2004.
- (4) Based upon a closing price on the TSX of \$1.94 per Common Share on December 31, 2003, less the exercise price.

## Compensation Committee

To ensure compliance with regulations announced in October 1993 under the Securities Act (Ontario) amending the standards of disclosure with respect to executive compensation, the directors of the Corporation established a compensation committee (the "Committee") in May, 1996. The Committee is currently comprised of Michael J. Lang and Howard W. Yenke. Neither of these directors are officers of the Corporation and all are "unrelated" for the purposes of the TSX Report, as described under "Corporate Governance".

The Committee is charged with the responsibility to oversee the approach of the Corporation to matters concerning director, executive and employee compensation and, from time to time, to make recommendations to the Board of Directors with respect to such matters.

## Report of Compensation Committee

TO: The Shareholders of CSI Wireless Inc.

### *Executive Compensation Strategy*

The Corporation's executive compensation program is comprised of three components: salary, bonus plan and stock based compensation. The objectives of the program are to attract and retain high quality employees, and to motivate performance by tying total compensation to improvement in the Corporation's long-term financial success, measured in terms of share value.

***Base Salaries***

Salaries of the executive officers are reviewed annually based on individual performance, responsibility and experience. The Corporation participates in industry salary surveys, if necessary, to ensure that salaries offered to executives are competitive among industry peer companies of similar size.

***Incentive Compensation Plan***

The Corporation has established an incentive compensation plan for its executive officers based upon the financial performance of the Corporation for the applicable financial year and the performance of the executive officers. The structure and performance targets of the incentive compensation plan are reviewed annually, and are approved by the Compensation Committee of the Corporation. Bonuses are also paid out to certain executive officers upon the completion of certain significant events as approved by the Compensation Committee of the Corporation. Remuneration from the incentive compensation plan in the aggregate of \$99,500 was earned by the executive officers during the financial year ended December 31, 2003 and paid in 2003. Bonuses in the aggregate of \$50,000 were paid in 2003, but earned in 2002.

***Stock-Based Compensation***

Stock options under the Corporation's share option plan are granted to executive officers based upon their performance, the performance of the Corporation and the competitive practices of comparable companies. The awarding of stock options serves to motivate the executive officers to focus on the long term interests of the Corporation, which is consistent with the interests of the Corporation's shareholders. Stock options are granted at the market price in effect on the date of grant and the ultimate realizable value of the executives' option grants is entirely dependent on the appreciation in the market price of the Common Shares after the date of the grant.

In prior years, certain executive officers were awarded grants of Common Shares under the Incentive Share Administration Plan. This plan was established in connection with the acquisition of Wireless Link Corporation in June 2000 with a view to ensuring management and employees' continued involvement with the operations and affairs of the Corporation. The final issuance of shares under this program took place in June 2003, whereupon the plan was terminated.

***Summary***

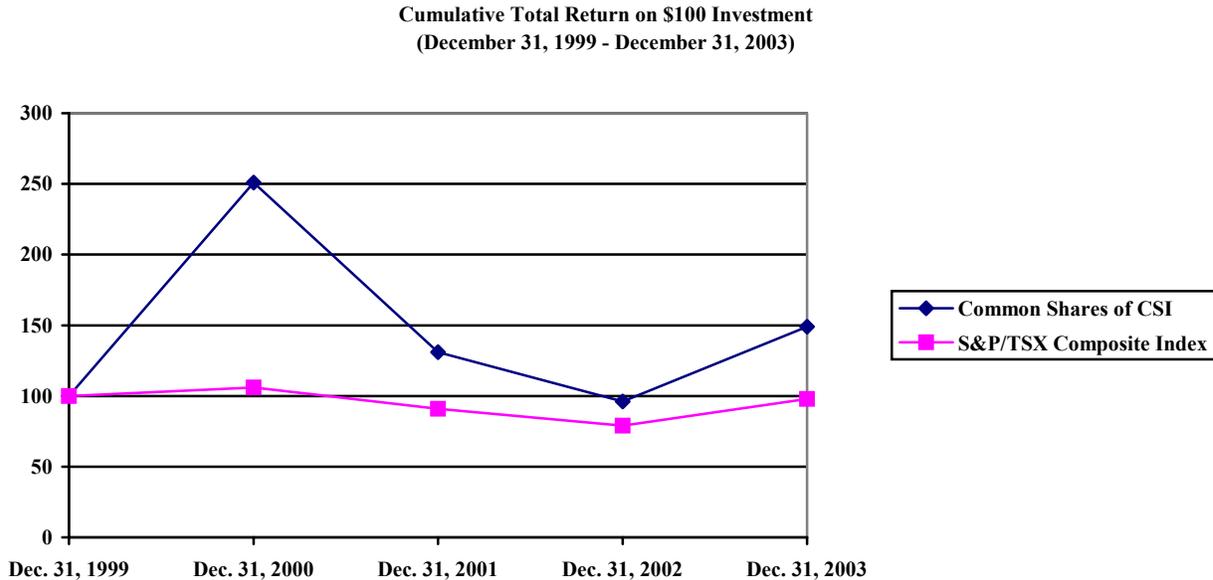
The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. Through the plans described above, a significant portion of the Corporation's executive compensation is based on individual and corporate performance and industry-competitive pay practices. The Compensation Committee and the Board of Directors will continue to review compensation policies to ensure that they are competitive within the industry in which the Corporation operates and consistent with the performance of the Corporation.

Presented by the Compensation Committee:

Michael J. Lang  
Howard W. Yenke

### Performance Graph

The following graph compares the Corporation's cumulative total shareholder return (assuming an investment of \$100 on December 31, 1999) on the Common Shares of the Corporation during the period ended December 31, 2003, with the cumulative total return of the TSX 300 Composite Index for the same period.



	<u>Dec. 31, 1999</u>	<u>Dec. 31, 2000</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2003</u>
Common Shares of CSI	100	251	131	96	149
S&P/TSX Composite Index	100	106	91	79	98

### Executive Employment Contracts and Termination of Employment

The Corporation has entered into employment agreements with each of the Named Executive Officers. They provide, *inter alia*, that if employment is terminated for any reason, other than for cause, or if there should be a change of control of the Corporation, the Named Executive Officers shall be entitled to termination payments ranging from \$1,000 to \$2,000 per month of service up to a maximum of one year's salary. The employment agreements with Mr. Hamilton and Mr. Penman were terminated upon the conclusion of their employment with the Corporation.

### Share Option Plans

The Corporation's share option plan permits the granting of options to purchase Common Shares to officers, directors and employees of, and key consultants to, the Corporation. Currently, a maximum of 3,165,000 Common Shares may be reserved for issuance pursuant to the Plan. Since its adoption in April, 1996, approximately 726,461 options have been exercised under the Plan, leaving options to purchase approximately 2,438,539 Common Shares or approximately 7.4% of the currently issued and outstanding number of Common Shares available for issuance under the Plan. As at April 12, 2004, there were options

to purchase 2,419,223 Common Shares (or approximately 7.4% of the Common Shares outstanding as at such date) outstanding under the Plan.

The Plan also provides, among other things, that:

1. any options granted pursuant to the Plan shall expire not later than ten years after the date of grant;
2. any options granted pursuant to the Plan shall be non-assignable;
3. the exercise price of any options granted pursuant to the Plan shall not be lower than the market price of the Common Shares on the date of the grant, where the "market price" is defined as the closing trading price of the Common Shares on the TSX (as reported by such exchange) on the day immediately prior to the date of the grant;
4. the number of Common Shares issuable pursuant to the Plan to any one person shall not exceed 5% of the outstanding Common Shares; and
5. the number of Common Shares reserved for issuance, or issuable within one year, pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation to insiders shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issuable within one year pursuant to the Plan and all other established or proposed share compensation arrangements of the Corporation to any one insider and such insider's associates shall not exceed 5% of the outstanding Common Shares.
- 6.

In connection with its acquisition of Wireless Link, the Corporation also adopted the Wireless Link Acquisition Share Option Plan (the "Wireless Plan") and reserved 950,000 options to purchase Common Shares for granting to certain directors, officers and employees of Wireless Link in conjunction with such acquisition. The terms of the Wireless Plan are substantially similar to those set forth in the Plan. As at April 12, 2004 there were options to purchase 235,593 Common Shares outstanding and available for exercise under the Wireless Plan or approximately 0.8% of the Common Shares outstanding as at such date. No additional amounts will be issued under the Wireless Plan. The Plan and the Wireless Plan are hereinafter sometimes referred to as the "Plans".

As at April 12, 2004, there were options to purchase an aggregate of 2,654,816 Common Shares outstanding under the Plans. Details of the stock options currently outstanding to officers, directors and employees are set forth below:

Group (Number in Group)	Aggregate shares under option	Date(s) of Grant	Expiry Date(s)	Exercise Price(s) (\$)
Executive Officers (8)	1,035,000	February 1, 2000 – November 3, 2003	February 1, 2005 – November 3, 2008	\$1.15 - \$1.76
Directors (who are not Executive Officers) (6)	382,969	April 17, 2000 – November 3, 2003	April 17, 2005 – November 3, 2008	\$1.66 - \$2.40
Employees/Consultants (116) <sup>(1)</sup>	1,236,847	February 1, 2000 - March 17, 2004	February 1, 2005 - March 17, 2009	\$1.15 - \$3.17
Total Stock Options	2,654,816			

Notes:

(1) Employees/consultants who are not currently Executive Officers or Directors.

### **Incentive Share Administration Plan**

In connection with its acquisition of Wireless Link Corporation in June 2000, the Corporation established the Incentive Share Administration Plan. An aggregate of 1,000,000 Common Shares (the "Incentive Shares") were reserved for issuance pursuant to this plan. The Incentive Shares were granted for the benefit of directors, management and employees with a view to ensuring their continued involvement with the operations and affairs of the Corporation and were issued for no additional consideration in equal monthly instalments from the initial issue date to June 1, 2003. As at April 12, 2004 all of the Incentive Shares had been issued and the plan is now considered terminated.

### **Compensation of Directors**

Directors who are also executive officers of CSI do not receive compensation for acting in their capacities as directors. Directors of the Corporation who are not executive officers may receive compensation for serving in their capacity as such as determined by the Compensation Committee. An aggregate of \$105,830 was paid to Directors for serving in such capacity during the financial year ended December 31, 2003: Messrs. Najafi, Yenke, Brower and Camwell each received \$10,000 for serving as Directors; and Mr. Lang received \$10,000 in directors' fees, \$35,830 for his role as Chairman of the Board and an additional \$20,000 for additional services performed in his capacity as a Director. All Directors are reimbursed for out-of-pocket expenses incurred in connection with the performance of their duties. Also see "Indebtedness of Directors and Officers".

In addition to serving in their capacities as Directors, certain of the Directors provide consulting services to the Corporation. During the year ended December 31, 2003, Mr. Najafi received consulting fees totalling \$68,367US and shares under the Incentive Share Administration Plan with an aggregate market value at the date of grant of \$9,143US. Mr. Brower received consulting fees totalling \$12,000US and shares under the Incentive Share Administration Plan with an aggregate market value at the date of grant of \$64,031US.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

The aggregate indebtedness to the Corporation of all senior officers and directors of the Corporation was nil as at April 12, 2004. Details with respect to the outstanding indebtedness are set forth below:

Name and Principal Occupation	Involvement of the Corporation	Largest Amount Outstanding from January 1, 2003 to December 31, 2003 (\$)	Amount Outstanding at April 12, 2004 (\$)	Financially Assisted Securities Purchases from January 1, 2003 to December 31, 2003 (#)	Security for Indebtedness
Hamid Najafi, Director and Former Chief Technology Officer of the Corporation	Lender	\$862,884US	Nil	Nil	Security on 700,000 Common Shares

A loan of \$750,000US was made to Mr. Najafi in relation to the acquisition of Wireless Link Corporation by CSI in June 2000. The loan bore interest at 6.3% per annum, compounded annually, was to be repaid on or before May 8, 2006, and was secured by 700,000 Common Shares. On March 4, 2003, the Corporation, Mr. Najafi and CSI Wireless LLC (the successor to Wireless Link Corporation) entered into a share purchase and sale and loan repayment agreement (the "Agreement") pursuant to which the Corporation agreed to purchase 700,000 Common Shares from Mr. Najafi in reliance on subsection 162(d) of the *Securities Act* (Alberta). The aggregate purchase price of \$1,135,000 was prescribed by subsection 172(1) of the Alberta Securities Commission Rules, which provides that the exempt issuer bid must be based upon the market price of the Common Shares over the preceding 20 business day period. The purchase was effective as of February 28, 2003. In accordance with the Agreement, Mr. Najafi used the proceeds from the share sale to repay the loan. Following such repayment, approximately \$99,000US in interest remained outstanding which CSI Wireless LLC agreed to forgive. The 700,000 Common Shares purchased by the Corporation were returned to treasury for cancellation.

Except as set forth above, no director, executive officer or other senior officer of the Corporation, or any associate of any such director or officer, is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## CORPORATE GOVERNANCE

The Toronto Stock Exchange (TSX) has adopted guidelines to help its listed companies achieve and maintain good corporate governance. Each of the guidelines is listed below, followed a description of CSI Wireless' related activities.

### **Guideline 1 – Stewardship of the Company**

*The Board of Directors of every corporation should explicitly assume responsibility for the stewardship of the corporation.*

The Board of Directors has adopted a Board Mandate (the "Mandate"), and terms of reference for each of its committees. The Mandate explicitly makes it responsible for the stewardship of CSI Wireless. In

discharging this responsibility, Directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board:

- defines, in consultation with the CEO, CSI Wireless' principal objectives;
- supervises the management of CSI Wireless' business and affairs to achieve the principal objectives;
- discharges duties imposed on the Board by applicable laws;
- takes all action that the Board deems necessary to carry out its foregoing responsibilities.

As part of its Mandate, CSI Wireless' Board is responsible to perform a variety of specific duties. Many are described below, in relation to other TSX guidelines.

#### *Guideline 1(a) – Strategic Planning Process*

As part of the overall stewardship responsibility, the Board of Directors of every corporation should assume responsibility for adoption of a strategic planning process.

The Board's Mandate requires the CEO each year to present to the Board strategic plans, which take into account the risks and opportunities of the business. At least one Board meeting each year is devoted to discussing and considering the plans. Management must seek the Board's approval for any transaction and/or contract that would have a significant impact on the strategic plans, and that would be material to the Corporation.

#### *Guideline 1(b) – Principal Risks*

As part of the overall stewardship responsibility, the Board of Directors of every corporation should assume responsibility for identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks.

The Board has identified the principal risks of the Corporation's business and works with management on an on-going basis to assess and review the management of such risks. The Mandate of the Board provides that the Board will work with management to review the principal risks of the Corporation's business and the steps the Corporation is taking to manage these risks.

#### *Guideline 1(c) – Succession Planning*

As part of the overall stewardship responsibility, the board of directors of every corporation should assume responsibility for succession planning, including appointing, training and monitoring senior management.

The CSI Wireless Board is responsible, by its Mandate, for choosing the President and CEO, for appointing senior management, and for monitoring their performance. In addition, the Mandate provides that the Board is charged with a duty to, in consultation with the Chief Executive Officer, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation. The Mandate also provides that the Board shall (i) receive from the Chief Executive Officer his evaluation of the performance of each senior officer who reports to the Chief Executive Officer (ii) develop a system under which succession to senior management positions will occur in a timely manner and (iii) to approve any proposed significant change in the management organization structure of the Corporation.

*Guideline 1(d) – Communications Policy*

As part of the overall stewardship responsibility, the board of directors of every corporation should assume responsibility for a communications policy for the corporation.

The Mandate provides that the Board, in consultation with the Chief Executive Officer, is responsible for establishing and maintaining a communications policy for the Corporation. The Corporation has adopted a formal Disclosure, Confidentiality and Trading Policy that establishes procedures which: (i) permit the disclosure of information about the Corporation to the public in a timely manner; (ii) ensure that non-publicly disclosed information remains confidential; and (iii) ensure that trading of the Corporation's securities by directors, officers and employees remain in compliance with applicable securities laws. The Corporation currently communicates with its shareholders and other stakeholders through various channels that include annual and quarterly reports, news releases, statutory filings, the internet and an investor relations firm. The Board and the Chief Executive Officer have delegated shareholder relations responsibilities to E-Vestor Communications Inc. of Toronto, Ontario to provide investor relations services. Shareholder communications are generally handled by E-Vestor Communications Inc. as well as by the Chief Executive Officer and the Chief Financial Officer of the Corporation.

*Guideline 1(e) – Integrity of Internal Control*

As part of the overall stewardship responsibility, the board of directors of every corporation should assume responsibility for the integrity of the corporation's internal control and management information systems.

The Audit Committee, by its terms of reference, is responsible to monitor and consider the integrity of CSI Wireless' financial reporting and internal control processes. In order to carry out this responsibility, the Audit Committee consults with management representatives and with the Corporation's external auditor.

**Guideline 2 – Board Independence**

*The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors.*

Four of CSI Wireless' seven directors, including the Chairman, are considered by the Corporation to be unrelated. These directors are not a part of CSI Wireless' management and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Corporation, other than interests and relationships arising from shareholding. These directors do not receive any financial compensation from the Corporation other than fees and share options related to services provided in their capacity as directors. The three related directors are Stephen A. Verhoeff, CSI Wireless' President and CEO; and Michael W. Brower and Hamid Najafi, both of whom do occasional consulting work for CSI Wireless and receive fees accordingly.

**Guideline 3 – Individual Unrelated Directors**

*The application of the definition of "unrelated" director to the circumstances of each individual director should be the responsibility of the Board which will be required to disclose on an annual basis whether the Board has a majority of unrelated directors.*

The Corporate Governance Committee is responsible to analyze the relationships of each director, through his or her involvement with CSI Wireless and with other enterprises, and to make recommendations to the Board as to whether directors should be classified as "related" or "unrelated".

#### **Guideline 4 – Nominating Committee**

*The board of directors of every corporation should appoint a committee of directors composed exclusively of outside (non-management) directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board.*

The Board's Corporate Governance Committee, which consists entirely of unrelated outside directors, is responsible to develop and maintain a list of potential candidates for Board membership, and when necessary, to review, interview, and recommend nominees to the full Board. Nominees must possess general business management experience, together with specific experience in areas of strategic interest to CSI Wireless. Nominees must also be willing and able to devote the required time and energy to Board responsibilities, and to support the Corporation's mission and strategic objectives.

#### **Guideline 5 – Assessing the Board's Effectiveness**

*Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the Board as a whole, the committees of the Board, and the contribution of individual directors.*

The Corporate Governance Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, committees and individual directors. The Committee surveys directors using a standardized evaluation form to provide feedback on the effectiveness of the Board. The Committee, with the participation of the Chairman, recommends changes to enhance Board performance based on survey feedback.

#### **Guideline 6 – Orientation and Education of Directors**

*Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.*

The Corporate Governance Committee is responsible by its terms of reference to develop and maintain orientation and education programs for new directors. As there have been no new directors added to the Board since the creation of the Corporate Governance Committee, these programs have not yet been formalized.

#### **Guideline 7 – Effective Board Size**

*Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.*

The Board of Directors has determined that six to nine members is an appropriate number of directors having regard to the size of the Corporation and the nature of its business and operations. At the current time, the Board's size, at seven directors, is viewed as being effective.

### **Guideline 8 – Compensation of Directors**

*The board of directors should review the adequacy and form of the compensation of directors, and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.*

The Compensation Committee, which is comprised entirely of unrelated outside directors, is responsible to review directors' compensation, and where appropriate to make recommendations to change directors' compensation. To make its recommendations, the Committee takes into account the nature and amount of compensation paid to directors of comparable publicly traded Canadian companies and the circumstances of the Corporation.

### **Guideline 9 – Committees and Outside Directors**

*Committees of the board of directors should generally be composed of outside (non-management) directors, a majority of whom are unrelated directors.*

The Compensation Committee, the Audit Committee, and the Corporate Governance Committee are all composed entirely of outside, unrelated directors.

### **Guideline 10 – Approach to Corporate Governance**

*Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.*

The Corporate Governance Committee, by its terms of reference, is responsible for reviewing CSI Wireless' overall governance principles, recommending any changes to them, and recommending to the Board for approval the Corporation's disclosures in response to the TSX governance guidelines. The Committee monitors best practices among major Canadian companies to ensure CSI Wireless continues to carry out high standards of corporate governance.

### **Guideline 11 – Position Descriptions**

*The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives the CEO is responsible for meeting.*

Under its Mandate, the Board, in consultation with the CEO, is responsible to develop a position description for the CEO. The Board is also responsible to review and approve the corporate objectives that the CEO is responsible for meeting, and to assess the CEO's performance against these objectives.

The Board is also responsible to establish the limits of management's authority and responsibility in conducting the Corporation's business. In this regard, the Board has identified that management is responsible, among other responsibilities, to:

- propose and, in response to Board approval, execute CSI Wireless' corporate strategies, long-term plans, goals and targets;
- carry out a comprehensive budgeting process and monitor the Corporation's financial performance against the budget;

- be accountable for CSI Wireless' financial and competitive performance;
- provide timely, complete and accurate information about CSI Wireless' business operations;
- identify opportunities and risks affecting the Corporation's business, and to respond appropriately to them;
- ensure the development of senior executives and plan for their succession; and
- manage CSI Wireless' resources in a manner consistent with enhancing the Corporation's value while maintaining appropriate ethical, legal, environmental, corporate and social standards.

### **Guideline 12 – Board Independence**

*Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management.*

The primary structure that ensures that CSI Wireless' Board functions independently of management is that six of CSI Wireless' seven directors, including the Chairman, are outside directors, in that they are not members of CSI Wireless' management.

Other factors in place to help ensure the CSI Wireless Board's autonomy from Management:

- the Board, its Audit Committee, Compensation Committee, and Corporate Governance Committee are all composed entirely of outside unrelated directors;
- any director can call a meeting of the Board or of a committee of which he is a member; and
- all directors and committees have the right to recommend the engagement of professional or other advisors.

### **Guideline 13 – Audit Committee**

*The audit committee of every board of directors should be composed only of outside (non-management) directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication lines with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee's duties should include oversight responsibility for management reporting on internal control.*

CSI Wireless' Audit Committee is composed entirely of outside (non-management) and unrelated directors. All of its members are financially literate, meaning they are able to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto. Mr. Hamilton is a Chartered Accountant and Certified Financial Analyst, and Mr. Lang holds a Masters Degree in Business Administration.

The Audit Committee is responsible by its terms of reference to review CSI Wireless' annual and quarterly financial statements, accounting practices, business and financial controls, and the results of all external audits. It is also responsible to recommend to the Board the external auditors to be appointed by shareholders at each annual meeting, review their audit work plan, approve their fees and approve all non-audit services to be provided by their firm. The Audit Committee has direct communication lines with the

external auditors. The external auditors attend and participate in all quarterly Audit Committee meetings, at which time they present a review of the financial statements and meet with the Audit Committee separately from management.

#### **Guideline 14 – Outside Advisors**

*The board of directors should implement a system that enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.*

Directors, and each committee, may hire outside advisors at the Corporation's expense, subject to the review of the Corporate Governance Committee. No advisors were hired in 2003.

#### **INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AT THE MEETING**

Management of the Corporation is not aware of any material interest of any director or nominee for director, or senior officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or except as disclosed elsewhere in this Information Circular or as described below.

#### **INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS**

There were no material interests, direct or indirect, of directors and senior officers of the Corporation, any shareholder who beneficially owns more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the last financial year and in any proposed transaction which has materially affected or would materially affect the Corporation, other than as disclosed elsewhere herein.

#### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special and Annual Meeting of Shareholders. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**APPROVAL AND CERTIFICATION**

The contents and the sending of this Information Circular have been approved by the Board of Directors of the Corporation.

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

DATED at Calgary, Alberta, this 12<sup>th</sup> day of April, 2004.

**CSI WIRELESS INC.**

(signed) "Stephen A. Verhoeff"  
Chief Executive Officer

(signed) "Cameron B. Olson "  
Chief Financial Officer