
CSI WIRELESS INC.

NOTICE OF SPECIAL AND ANNUAL GENERAL MEETING

and

INFORMATION CIRCULAR – PROXY STATEMENT

WITH RESPECT TO THE

**SPECIAL AND ANNUAL GENERAL MEETING OF
SHAREHOLDERS**

TO BE HELD MAY 9, 2007

CSI WIRELESS INC.
NOTICE OF
SPECIAL AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an Special and Annual General Meeting (the "**Meeting**") of the shareholders of CSI Wireless Inc. (the "**Corporation**" or "**CSI**") will be held at the Glen Room 206, Calgary Telus Convention Centre, 120 Ninth Avenue SE, Calgary, Alberta on Wednesday, May 9, 2007 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, 2006;
2. To fix the number of Directors to be elected at the Meeting at eight (8);
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 a special resolution amending the articles of the Corporation to change the name of the Corporation from CSI Wireless Inc. to "Hemisphere GPS Inc.";
6. To consider and, if thought advisable by the shareholders, to approve certain amendments to the Share Option Plan 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 March 30, 2007 (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, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. 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 30th day of March, 2007.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Michael Lang*"
Chairman of the Board

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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 published by the Canadian Securities Administrators in National Policy 58-201 *Corporate Governance Guidelines* relating to corporate governance matters;

"**Information Circular**" means this information circular – proxy statement dated March 30, 2007 in respect of the Meeting;

"**Meeting**" means the special and annual general meeting of the shareholders of CSI to be held on May 9, 2007;

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

"**Record Date**" means the record date for the Meeting, being March 30, 2007; and

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

CSI WIRELESS INC.**INFORMATION CIRCULAR - PROXY STATEMENT
dated March 30, 2007****Special and Annual General Meeting of Shareholders
to be held on May 9, 2007****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 Glen Room 206, Calgary Telus Convention Centre, 120 Ninth Avenue SE, Calgary, Alberta on Wednesday, May 9, 2007 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 March 30, 2007.

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 March 30, 2007 (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 March 30, 2007 there were 46,145,069 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, c/o Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory 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 - 9th Street SE, 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 the Meeting. 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 ADP Investor Communications ("**ADP**"). If you receive a voting instruction form from ADP or another intermediary it cannot be used as a proxy to vote shares directly at the meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) as described in the voting instruction form well in advance of the meeting in order to have the shares voted.

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners).

Up until September 2002, issuers (including the Directors and officers of the Corporation) had no knowledge of the identity of any of their Beneficial Shareholders including *NOBOs*. Subject to the provision of National Instrument 54-101 – "*Communication with Beneficial Owners of Securities of Reporting Issuers*" ("**NI 54-101**"), however, after September 1, 2002 issuers could request and obtain a list of their *NOBOs* from intermediaries via their Transfer Agents. Prior to September 1, 2004 issuers could obtain this *NOBO* list and use it for specific purposes connected with the affairs of the Corporation except for the distribution of proxy-related materials directly to *NOBOs*. This was stage one of the implementation of NI 54-101. Effective for shareholder meetings taking place on or after September 1, 2004 issuers can obtain and use this *NOBO* list for distribution of proxy-related materials directly (not via ADP) to *NOBOs*. This is stage two of the implementation of NI 54-101.

This year, the Corporation has decided to take advantage of those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its *NOBOs*. As a result *NOBOs* can expect to receive a scannable Voting Instruction Form ("**VIF**") from our Transfer Agent, Computershare Trust Company of Canada (or Computershare Investor Services Inc. as the case might be) (collectively, "**Computershare**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from *NOBOs* and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

PART III - MATTERS TO BE ACTED UPON AT THE MEETING

Fix the Number of Directors to be Elected at the Meeting and 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 eight (8) members, the number of directors to be elected at the Meeting and to elect eight (8) 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 eight (8) members and in favour of the election as directors of the eight (8) nominees hereinafter set forth:

Barry D. Batcheller
 Paul G. Cataford
 Steven L. Koles
 John M. Tye III

Paul L. Camwell
 Richard W. Heiniger
 Michael J. Lang
 Howard W. Yenke

The names, municipality, province and country 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, Municipality, Province and Country of Residence and Position with the Corporation	Principal Occupation During the Last Five Years	Director Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised
Michael J. Lang Calgary, Alberta Canada Non-Executive Chairman and Director	Chairman of StoneBridge Merchant Capital Corp. (a private investment company).	1996	516,005 ⁽⁴⁾ (1.11%)
Howard W. Yenke ⁽²⁾ Onset, Massachusetts USA Director and Chairman of the Compensation Committee	Retired Executive.	1996	30,000 ⁽⁵⁾ (0.07%)
Paul L. Camwell ^{(1) (3)} Calgary, Alberta Canada Director and Chairman of the Corporate Governance Committee	Chief Technology Officer of Extreme Engineering Ltd. (a private engineering firm).	1998	24,562 ⁽⁶⁾ (0.05%)
Paul G. Cataford ⁽¹⁾ Calgary, Alberta Canada Director and Chairman of the Audit Committee	President and CEO of University Technologies International Inc. (a private technology commercialization company owned by the University of Calgary). ⁽⁸⁾	2004	3,000 ⁽⁷⁾ (0.01%)
Richard W. Heiniger Parkville, Missouri USA Director and Vice Chairman	CEO of RHS, Inc. (a private manufacturer of farm equipment). Also, formerly President of Hemisphere GPS LLC (formerly Satloc LLC) from April 2005 to May 2006.	2005	4,400,000 ⁽⁹⁾ (9.54%)
John M. Tye III ^{(1) (3)} Plainview, Texas USA Director	Chairman of Bigham Brothers Inc. (a private manufacturer of farm equipment).	2006	Nil ⁽¹⁰⁾ (0%)

Name, Municipality, Province and Country of Residence and Position with the Corporation	Principal Occupation During the Last Five Years	Director Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised
Barry D. Batcheller ⁽²⁾ West Fargo, North Dakota USA Director	President and CEO of Appareo Systems (a private manufacturer of augmented reality systems) since 2005. Prior thereto Director of Technology Growth with John Deere & Company since 2002. Prior thereto, President and CEO of Phoenix International Corporation.	2006	Nil ⁽¹¹⁾ (0%)
Steven L. Koles Calgary, Alberta Canada President and Chief Executive Officer	President and CEO of CSI Wireless Inc. Prior thereto General Manager at AOL Canada from 2003 to 2006. Prior thereto Managing Director of R4 Management Group/ Windy Point Capital from 2002 to 2003. Prior thereto Senior Vice President, Marketing and Sales Support of GT Group Telecom.	Nominee	25,000 ⁽¹²⁾ (0.05%)

Notes:

- (1) Member of the Corporation's Audit Committee.
- (2) Member of the Corporation's Compensation Committee
- (3) Member of the Corporation's Corporate Governance Committee
- (4) The amount excludes share options to purchase an aggregate of 428,000 Common Shares at prices ranging from \$1.67 to \$2.65 per Common Share.
- (5) Excludes share options to purchase an aggregate of 90,000 Common Shares at prices ranging from \$1.67 to \$2.70 per Common Share.
- (6) Excludes share options to purchase an aggregate of 90,000 Common Shares at prices ranging from \$1.67 to \$2.70 per Common Share.
- (7) Excludes share options to purchase an aggregate of 90,000 Common Shares at prices ranging from \$1.67 to \$2.70 per Common Share.
- (8) Prior to joining University Technologies International Inc. in April of 2004, Mr. Cataford was the Managing Partner of HorizonOne Asset Management, a Toronto-based private equity boutique which he co-founded in 2001. Prior to that Mr. Cataford was Executive Managing Director of BMO Nesbitt Burns Equity Partners.
- (9) These shares are registered to RHS Inc., a company fully controlled by Mr. Heiniger. 3,400,000 of the common shares issued are held in escrow with 1,000,000 to be released on April 8, 2007 and 1,950,000 to be released on April 8, 2008. The remaining 450,000 shares are subject to holdback against certain claims that may arise for which the Corporation has been indemnified. An additional 2,100,000 common shares may be issued to RHS under Performance Warrants if the Outback product lines, acquired from RHS on April 8, 2005, achieve certain cumulative growth and profitability targets in fiscal 2005, 2006 and 2007. Each Performance Warrant will entitle the holder to acquire, for no additional consideration, one common share of the Corporation. If the Performance Warrants become issuable, the common shares issued will be accounted for as additional goodwill on the acquisition. The required growth and profitability targets for 2006 and 2005 were not met.
- (10) Excludes share options to purchase an aggregate of 90,000 Common Shares at prices ranging from \$1.67 to \$1.70 per Common Share.
- (11) Excludes share options to purchase an aggregate of 90,000 Common Shares at prices ranging from \$1.67 to \$1.70 per Common Share.
- (12) Excludes share options to purchase an aggregate of 200,000 Common Shares at prices ranging from \$1.67 to \$2.20 per Common Share.

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 March 30, 2007. Each of the above nominees, except for Steve L. Koles and Barry Batcheller, are currently Directors of the Corporation and were elected at the last annual general meeting of shareholders.

No Director, officer or other member of management of the Corporation is, or within the ten years prior to the date of this Information Circular has been, a director or executive officer of any other issuer that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation for a period of more than 30 consecutive days or was

subject to such an event that resulted after the director or executive officer ceased to be a director or officer of such company; or

- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.
- (c) was a director or officer of a corporation that within a year of the person ceasing to act as a director or officer of the corporation became bankrupt or made a proposal in 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.

In addition, no proposed Director has, within the ten years before the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets except as follows:

Michael J. Lang who was previously a director of Beau Canada Exploration Ltd. One of the companies acquired by Beau Canada Exploration Ltd. was Environmental Technologies Inc. ("**ETI**"). After the acquisition, Michael J. Lang became a director of ETI. ETI was issued a cease trade order on August 28, 1997. Michael J. Lang subsequently resigned as a director of ETI on and ETI was wound up.

Steven L. Koles was previously an officer of GT Group Telecom Inc. In March 2002, Mr. Koles resigned from his position with that company. GT Group Telecom Inc. filed for CCAA protection prior to the end of 2002. GT Group Telecom Inc. later merged with 360 Networks Inc.

No Director, officer or other member of management of the Corporation or proposed Director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

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.

The Audit Committee reviews the annual audit fees and considers the issue of auditor independence in the context of all services provided to the Corporation.

Certain information regarding CSI's audit committee, including the fees paid to CSI's auditors in the last fiscal year, that is required to be disclosed in accordance with Multilateral Instrument 52-110 of the Canadian Securities Administrators, is contained in CSI's annual information form for the year ended December 31, 2006, an electronic copy of which is available on the internet on CSI's SEDAR profile at www.sedar.com.

Name Change

In connection with the divestiture of the Wireless business, the Corporation is proposing to effect a change of its corporate name from CSI Wireless Inc. to "Hemisphere GPS Inc." Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, to approve a special resolution, substantially in the following form:

"BE IT RESOLVED THAT:

1. pursuant to section 173(1)(a) of the *Business Corporations Act* (Alberta) the name of the Corporation be changed from "CSI Wireless Inc." to "Hemisphere GPS Inc." (the "**Name Change**");
2. any director, officer or solicitor of the Corporation be and is hereby authorized and directed to file Articles of Amendment to effect the Name Change with the Registrar appointed under the *Business Corporations Act* (Alberta) and to do all such other acts and things and to execute all such other documents 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 directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholder of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

To be approved, the special resolution approving the Name Change requires the approval of a majority of not less than two-thirds (66 2/3%) of the votes cast by shareholders present in person or represented by proxy at the Meeting.

Upon approval of the change in the name of the Corporation to Hemisphere GPS Inc., the Corporation will make application to the TSX to change the trading symbol of the Corporation to "HEM" from the current symbol "CSY". The trading symbol HEM has been reserved with the TSX pending approval of the name change.

Ratification and Approval of Amendments to the Share Option Plan

The Corporation is proposing amendments (the "**Proposed Amendments**") to its share option plan (the "**Plan**") as follows:

1. the adoption of a rolling maximum/evergreen share option plan with a rolling maximum limit equal to 10% of outstanding Common Shares;
2. the addition of provisions enabling the automatic extension of the exercise period of a share option during a self-imposed blackout period for a maximum of 10 days following the end of such blackout period; and
3. the addition of specific "amending provisions" to the Plan, in response to TSX notification that these matters, previously governed by TSX interpretations, should be incorporated into share option plans before June 30, 2007.

These Proposed Amendments are further described below.

Share Option Plan Limit

At a special and annual general meeting of shareholders held on May 27, 2004, the Plan, as previously adopted by the Board and approved by the shareholders of the Corporation, was amended to provide that the aggregate number of Common Shares issuable under the Plan was not to exceed 5,600,000 Common Shares. Reflecting share options exercised under the Plan, and based on this approval level, a total of 3,623,436 share options may be issued under the Plan as of the date hereof. Of this amount, there are 2,971,615 share options outstanding under the Plan as of the date hereof.

Effective January 1, 2005, the TSX implemented amendments to the TSX Company Manual, including amendments to security based compensation arrangements such as the Plan, to allow for TSX listed issuers to adopt "rolling maximum/evergreen" plans.

The Corporation requires a competitive compensation program in order to attract and retain high quality employees in a highly competitive market environment. During 2006, the Corporation began to benchmark and restructure its compensation program to ensure that it is competitive with other employers targeting the same potential employee population as the Corporation. Based on this work, it is very clear that an important element of compensation, particularly in technology-related markets, is the ability to provide share options to critical new-hires and key-resource employees for attraction and retention purposes. The Corporation intends to focus future share option grants on senior management and employees identified as key resources. In addition, the Corporation is planning to introduce an employee stock ownership program for 2008.

Current share options granted under the plan represent 6.5% of outstanding Common Shares. The Corporation has completed benchmarking analysis of small to medium sized public technology companies, including those in location-based product markets, and has concluded that many such companies have adopted "rolling maximum/evergreen" plans with a limit of 10%, or have outstanding share options ranging from 7% to 18%.

To remain competitive in the location-based industry, the Corporation is seeking shareholder approval of the adoption of a rolling maximum/evergreen plan with a limit of 10% of outstanding Common Shares.

Blackout Period Extension

By notice dated June 6, 2006, the TSX advised that it will retract certain interpretations given by the TSX with respect to certain provisions of its rules relating to amendments to share option plans and the amending provisions contained in share option plans. As part of this notice, the TSX advised that securityholder approval will be required to amendments to share option plans which have the effect of extending the expiry date of options granted thereunder as a result of a self-imposed blackout period.

Under the Plan, if a share option expires while an officer, Director or employee is subject to a trading blackout due to the knowledge of material undisclosed confidential information ("**Inside Information**"), there is no provision enabling the Board to extend the share option expiry date, except with shareholder approval. This is not considered to be a practical option. In many cases, officers, Directors and other employees can be privy to Inside Information for many months when strategic activities are in progress. In such circumstances, share options issued with the intent of compensating employees for stock price improvement, could expire unutilized. This reduces the value of share options to employees, could potentially motivate individuals to avoid strategic activities when there is a risk that share options would expire during the course of such activities, or could potentially motivate individuals to exercise share options at a time when they should not be trading due to the knowledge of Inside Information.

In order to eliminate these concerns, and consistent with many share options plans, the Corporation is proposing to amend the Plan to provide for the automatic extension of the exercise period of a share option that would expire during a blackout period for a maximum of 10 days following the end of such blackout period.

Amending Provisions

In its notice dated June 6, 2006, the TSX also advised that issuers have until June 30, 2007 to adopt amending procedures in accordance with the requirements of the TSX, failing which issuers will no longer be able to make amendments to their plan, without securityholder approval, including any amendments that may be considered to be of a housekeeping nature. The Corporation is proposing to amend the Plan to incorporate amending procedures as more fully outlined below.

The TSX's changes include a requirement that all security based compensation arrangements, including share option plans, be approved by shareholders every 3 years.

Plan Amendment

On March 22, 2007, the Board of Directors unanimously approved, subject to regulatory and shareholder approval, amendments to the Plan (the "**Proposed Amendments**") as set forth below. At the Meeting, shareholders will be asked to ratify and approve the following amendments to the Plan:

1. to include a provision providing for extension of the exercise period of an during a "Blackout Period", as defined below, for a maximum of 10 days following the end of such Blackout Period;
2. to provide that the Plan may not be amended without shareholder approval in the case of the following amendments:
 - (a) make any amendment to the Plan to increase the percentage of Common Shares issuable on exercise of outstanding share options at any time pursuant to Section 5(a) of the Plan;
 - (b) change the manner of determining the minimum exercise price;
 - (c) reduce the exercise price of any outstanding share options held by insiders;
 - (d) subject to Section 8 or the Plan, extend the term of any outstanding share option held by insiders beyond the original expiry date of such share option;
 - (e) make any change to eligible participants which would have the effect of broadening or increasing insider participation;
 - (f) make any amendment to increase the maximum limit on the number of securities that may be issued to insiders pursuant to Section 5(a) of the Plan;
 - (g) make any amendment to the Plan that would permit an optionee to transfer or assign share options to a new beneficial optionee other than in the case of death of the optionee; or
 - (h) amend Section 12 of the Plan.

In addition, to replace the existing provision relating to amendments of the Plan, to allow the Committee (as defined in the Plan), subject to the prior approval of the Board of Directors, to approve amendments relating to the Plan without further approval of the shareholders, to the extent that such amendments relate to, without limitation:

- (a) altering, extending or accelerating the terms and conditions of vesting of any share options;
- (b) extending the term of share options held by a person other than a person who, at the time of the extension, is an insider, provided that the term does not extend beyond ten years from the date of grant;
- (c) reducing the exercise price of share options held by a person other than a person who, at the time of the repricing, is an insider;
- (d) accelerating the expiry date in respect of share options;
- (e) adding a cashless exercise feature to the Plan;
- (f) determining the adjustment provisions pursuant to Section 10(a) of the Plan;
- (g) amending the definitions contained within the Plan;

- (h) amending or modifying the mechanics of exercise of share options; or
 - (i) amendments of a "housekeeping" nature.
3. to include the definitions of "Blackout Period", "Insider", "Outstanding Common Shares", "Common Shares", "associate" and "affiliate";
 4. to delete the reference to a maximum number of shares issuable or reserved pursuant to the Plan, and provide that the maximum number of Common Shares issuable pursuant to the Plan shall be a "rolling maximum" equal to 10% of the outstanding Common Shares. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan, and any exercises of share options will make new grants available under the Plan; and
 5. to allow for the "reloading" of share options, as described in the Toronto Stock Exchange Staff Notice #2004-0002 under the Plan, an amendment required to implement a rolling maximum/evergreen plan.

The Plan, a copy of which (including the Proposed Amendments) is attached as Schedule F hereto, will continue to have the following features:

1. Directors, officers, employees and consultants, or those of subsidiaries, are eligible to receive share options under the Plan;
2. the Plan provides that the aggregate number of Common Shares reserved for issuance to any one person under the Plan, together with all other share compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Common Shares (calculated on a non-diluted basis);
3. the Plan also provides that the number of Common Shares together with all of the Corporation's other previously established or proposed share compensation arrangements issued to insiders within any one year period will not exceed 10% of the outstanding Common Shares;
4. the Plan also provides that the aggregate number of shares reserved for issuance to insiders at any time, under all security based compensation arrangements, must not exceed 10% of the outstanding common shares;
5. any share options granted pursuant to the Plan shall be non-assignable;
6. the vesting arrangements are within the discretion of the Board;
7. the exercise price for share options is equal to the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of grant;
8. share options are non-assignable;
9. the term of share option grants are within the discretion of the Board, but cannot be longer than 10 years; and
10. share options terminate within a period of time following an optionholder ceasing to be at least one of an employee, Director, officer or consultant of the Corporation or of a subsidiary of the Corporation. However, in the event of death, share options will expire at the earlier of the end of the original share option period or 12 months after the death date.

Resolution to Ratify and Approve Amendments to the Plan

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

BE IT RESOLVED, as an ordinary resolution of the shareholders of CSI Wireless Inc. (the "**Corporation**"), that:

1. the share option plan of the Corporation (the "**Option Plan**") be amended as follows:

- (a) by inserting additional definitions as follows:

"**Blackout Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a share option;

"**Common Shares**" means common shares in the capital of the Corporation;

"**associate**" and "**affiliate**" have the meanings set forth in the *Securities Act* (Alberta);

"**Insider**" means an insider as defined in the Company Manual of the Toronto Stock Exchange, as amended from time to time;

"**Outstanding Common Shares**" means the issued and outstanding Common Shares on a non-diluted basis;

- (b) by inserting an additional paragraph as follows under the heading "Option Terms":

"If the normal expiry date of any share option falls within any Blackout Period or within 10 days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "**Restricted Options**"), then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 days following the end such Blackout Period. The foregoing extension applies to all share options whatever the date of grant and shall not be considered an extension of the term of the share options."

2. by deleting section 12 of the Plan and replacing it with the following:

"Amendment or Discontinuance of the Plan

The Committee may, subject to the prior approval of the Board of Directors of the Corporation and any stock exchange or other regulatory body having jurisdiction, amend or discontinue the Plan at any time. For example, the Committee, subject to the prior approval of the Board of Directors, shall have the power and authority to approve amendments relating to the Plan or to share options granted hereunder, without further approval of the shareholders, to the extent that such amendments relate to, without limitation:

- (a) altering, extending or accelerating the terms and conditions of vesting of any share options;

- (b) extending the term of share options held by a person other than a person who, at the time of the extension, is an Insider, provided that the term does not extend beyond ten years from the date of grant;
- (c) reducing the exercise price of share options held by a person other than a person who, at the time of the repricing, is an Insider;
- (d) accelerating the expiry date in respect of share options;
- (e) adding a cashless exercise feature to the Plan;
- (f) determining the adjustment provisions pursuant to Section 10(a) hereof;
- (g) amending the definitions contained within the Plan;
- (h) amending or modifying the mechanics of exercise of share options; or
- (i) amendments of a "housekeeping" nature.

However, without the prior approval of the shareholders, as may be required by any stock exchange or other regulatory body having jurisdiction, the Committee may not:

- (a) make any amendment to the Plan to increase the percentage of Common Shares issuable on exercise of outstanding share options at any time pursuant to Section 5(a) hereof;
- (b) change the manner of determining the minimum exercise price;
- (c) reduce the exercise price of any outstanding share options held by Insiders;
- (d) subject to Section 8, extend the term of any outstanding share option held by Insiders beyond the original expiry date of such share option;
- (e) make any change to eligible participants which would have the effect of broadening or increasing Insider participation;
- (f) make any amendment to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Section 5(a) hereof;
- (g) make any amendment to the Plan that would permit an optionee to transfer or assign share options to a new beneficial optionee other than in the case of death of the optionee; or
- (h) amend this Section 12.

In addition, no amendment to the Plan or share options granted pursuant to the Plan may be made without the consent of the optionee, if it adversely alters or impairs any share option previously granted to such optionee under the Plan.

3. by deleting section 5(a) of the Plan and replacing it with the following:

- (a) subject to Clause 10 hereof, the maximum number of Common Shares issuable pursuant to the Plan shall be a "rolling" maximum equal to 10% of the Outstanding Common Shares from time to time, subject to the following limitations:
 - (i) the aggregate number of shares reserved for issuable pursuant to the Plan to any one person shall not exceed 5% of the Outstanding Common Shares;
 - (ii) the number of Common Shares reserved for Insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of issued and Outstanding Common Shares;
 - (iii) the number of Common Shares issued to Insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of issued and Outstanding Common Shares;
- (b) any share options granted pursuant to the Plan shall be non-assignable;

The "reloading" of share options, as described in the Toronto Stock Exchange Staff Notice #2004-0002 is permitted under the Plan. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan, and any exercises of share options will make new grants available under the Plan effectively resulting in a re-loading of the number of share options available to grant under the Plan. No fractional Common Shares may be purchased or issued hereunder.

- 4. the share option plan of the Corporation as described under the heading "Share Option Plan" in the information circular relating to this meeting and as described above is hereby ratified, confirmed and approved;
- 5. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolution; and
- 6. 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 TSX 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.

In order for the foregoing resolution to be passed, it must be approved a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting on such resolution.

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for approval of the foregoing resolution ratifying and approving the Proposed Amendments.

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 March 30, 2007, there were 46,145,069 Common Shares issued and outstanding and no first or second preferred 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.

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

Compensation of Executive Officers

The information provided below relates to remuneration paid during the financial years ended December 31, 2006, December 31, 2005 and December 31, 2004 to the Corporation's Chief Executive Officer, the Chief Financial Officer and each of the Corporation's three most highly compensated executive officers (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	2006	140,912 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	686,804 ⁽³⁾
	2005	227,513	Nil	Nil	Nil	Nil	Nil	9,000 ⁽³⁾
	2004	219,300	77,282 ⁽²⁾	Nil	100,000	Nil	Nil	9,000 ⁽³⁾
Steven L. Koles President and Chief Executive Officer	2006	78,686 ⁽⁴⁾	10,000 ⁽⁴⁾	Nil	100,000	Nil	Nil	2,830 ⁽⁵⁾
Cameron B. Olson Sr. Vice President & Chief Financial Officer	2006	201,201	78,100 ⁽⁶⁾	Nil	150,000	Nil	Nil	9,000 ⁽⁷⁾
	2005	167,888	Nil	Nil	Nil	Nil	Nil	9,000 ⁽⁷⁾
	2004	157,500	57,360 ⁽⁶⁾	Nil	110,000	Nil	Nil	9,000 ⁽⁷⁾
Dean Ryerson Sr. Vice President & COO Agriculture	2006	201,149 US	25,000 US ⁽⁸⁾	Nil	Nil	Nil	Nil	12,000 US ⁽⁹⁾
	2005	142,942 US ⁽⁹⁾	58,500 US	Nil	100,000	Nil	Nil	9,360 ⁽⁹⁾
Phil Gabriel General Manager, Precision Products	2006	159,000	Nil	Nil	Nil	Nil	Nil	34,217 ⁽¹⁰⁾
	2005	159,000	Nil	Nil	Nil	Nil	Nil	8,208 ⁽¹⁰⁾
	2004	159,000	17,000	Nil	10,000	Nil	Nil	Nil
Michael Whitehead Chief Scientist, Hemisphere GPS	2006	161,655 US	20,000 US ⁽¹¹⁾	Nil	50,000	Nil	Nil	Nil
	2005	148,173 US	Nil	Nil	50,000	Nil	Nil	Nil
	2004	141,075 US	30,053 US ⁽¹¹⁾	Nil	20,000	Nil	Nil	Nil

Notes:

- (1) Represents Mr. Verhoeff's salary until May 15, 2006, the date Mr. Verhoeff resigned from his position as President and Chief Executive Officer of the Corporation.
- (2) Represents bonus earned in 2004, of which \$58,500 was paid in 2004 and \$18,782 was paid in 2005.
- (3) Mr. Verhoeff received a severance payment of \$608,154, \$74,900 in consulting fees and a car allowance of \$750 per month prior to the date of his resignation.
- (4) Mr. Koles joined the Corporation on September 8, 2006 with an annual base salary of \$250,000. Mr. Koles earned a bonus of \$10,000 in 2006 that was paid in 2007.
- (5) Mr. Koles receives a car allowance of \$750 per month.
- (6) For 2006, Mr. Olson earned a bonus of \$78,100, of which \$53,100 was paid in 2006 and \$25,000 was paid in 2007. In 2004, Mr. Olson earned a bonus of \$57,360 in 2004, of which \$43,500 was paid in 2004 and \$13,860 was paid in 2005.
- (7) Mr. Olson receives a car allowance of \$750 per month.
- (8) Mr. Ryerson earned a bonus of \$25,000 CDN in 2006 which was paid in 2007.
- (9) Mr. Ryerson joined the Corporation on April 9, 2005. He receives a car allowance of \$1,000US per month.
- (10) Represents commissions earned.
- (11) Mr. Whitehead earned a bonus of \$20,000 CDN in 2006 which was paid in 2007. Mr. Whitehead earned a bonus of \$30,053 US in 2004, of which \$1,800 US was paid in 2004 and \$28,253 US was paid in 2005.

Share Option Grants

The Corporation has from time to time, issued share 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 current Plan the aggregate number of Common Shares that may be issued pursuant to the exercise of share options shall not exceed 5,600,000 Common Shares (prior to the proposed amendments to the Plan disclosed in this Information Circular). The exercise price of such share 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 share options to purchase Common Shares of the Corporation to the Named Executive Officers during the financial year ended December 31, 2006.

Name	Options Granted in 2006	% of Total Options Granted to Employees ⁽¹⁾	Exercise Price (\$/share)	Market Value of Common Share on the Date of Grant ⁽²⁾ (\$/share)	Expiry Date
Stephen Verhoeff	Nil	N/A	N/A	N/A	N/A
Steven Koles	100,000	9.24%	\$1.67	\$1.67	September 6, 2011
Cameron Olson	150,000	13.86%	\$1.70	\$1.70	May 15, 2011
Dean Ryerson	Nil	N/A	N/A	N/A	N/A
Phil Gabriel	Nil	N/A	N/A	N/A	N/A
Michael Whitehead	50,000	4.62%	\$1.65	\$1.65	October 3, 2011

Notes:

- (1) During the financial year ended December 31, 2006 a total of 1,067,500 share 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 trading day immediately preceding the date of grant.

Stock Option Exercises

The following table sets forth information with respect to share options exercised by the Named Executive Officers during the most recently completed financial year and their respective share option positions as at December 31, 2006.

Name	Options Exercised (#)	Aggregate Value Realized ⁽¹⁾ (\$)	Unexercised Options at December 31, 2006 Exercisable/Unexercisable (#)	Value of Unexercised in-the-money Options at December 31, 2006 Exercisable/Unexercisable ⁽¹⁾ (\$)
Stephen Verhoeff	Nil	Nil	Nil/Nil	Nil/Nil
Steven Koles	Nil	Nil	8,333/91,667	1,167/12,833
Cameron Olson	Nil	Nil	281,500/72,500	49,485/11,875
Dean Ryerson	Nil	Nil	55,560/44,440	Nil/Nil
Phil Gabriel	Nil	Nil	16,833/1,667	1,870/Nil
Michael Whitehead	10,000	5,000	58,196/81,804	8,595/17,305

Note:

- (1) Based upon a closing price on the TSX of \$1.89 per Common Share on December 31, 2006, less the exercise price.

Securities Authorized For Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans at December 31, 2006.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾	3,002,631 Common Shares	\$2.17	640,258 Common Shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,002,631 Common Shares	\$2.17	640,258 Common Shares

Note:

- (1) Relates to the Plan.

Executive Employment Contracts and Termination of Employment

The Corporation has entered into employment agreements with Messrs. Koles, Olson and Ryerson. They provide, *inter alia*, that if employment of Messrs. Koles, Olson, or Ryerson is terminated for any reason, other than for cause, they shall be entitled to certain termination payments ("**Termination Payments**"). Mr. Koles' agreement provides for a Termination Payment equal to the one year's salary plus a payment of 15% in lieu of benefits. Mr. Olson's agreement provides for a Termination Payment equal to the product of twelve, plus one for each completed year of service, times the monthly salary plus 15% in lieu of benefits, to a maximum of two years salary and benefits. Mr. Ryerson's agreement provides for a Termination payment equal to the product of twelve months, plus one month for each completed year of service, times the monthly salary, to a maximum of two years salary.

In the event that a change of control takes place, Messrs. Olson and Ryerson will not voluntarily leave the employment of CSI for six (6) months after the change, except with written approval. Mr. Koles' agreement provides that in the event of a change of control situation, he will not voluntarily leave the employ of the Corporation until six months after the change of control event has been affected, or after the change of control efforts have been terminated. Furthermore, in the event of a change of control situation, Mr. Koles agreement provides compensation equal to one times the current annual base salary if the employment agreement is terminated as a result of the change of control event, or if he accepts ongoing employment with a reduced title or responsibilities following the change of control.

Share Option Plan

The Plan permits the granting of share options to purchase Common Shares to officers, Directors and employees of, and key consultants to, the Corporation. Currently, a maximum of 5,600,000 Common Shares may be granted pursuant to the Plan. Since the adoption of the original Plan in April, 1996, approximately 1,976,564 share options have been exercised under the Plan, leaving share options to purchase approximately 3,623,436 Common Shares or approximately 7.9% of the currently issued and outstanding number of Common Shares available for issuance under the Plan. As at March 30, 2007, there were share options to purchase 2,971,615 Common Shares (or approximately 6.4% of the Common Shares outstanding as at such date) outstanding under the Plan.

The current Plan, prior to the amendments proposed to the Plan under the heading "Ratification and Approval of Amendments to the Employee Share Option Plan" in this Information Circular, also provides, among other things, that:

1. any share options granted pursuant to the Plan shall expire not later than ten years after the date of grant;
2. any share options granted pursuant to the Plan shall be non-assignable;
3. the exercise price of any share 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 aggregate number of Common Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation at such time.

Compensation Committee

The Directors of the Corporation established a compensation committee (the "**Compensation Committee**") in May, 1996. The Compensation Committee is currently comprised of Barry D. Batcheller and Howard W. Yenke.

Neither of these Directors are executive officers of the Corporation and both are "independent" as defined in National Instrument 58-101 of the Canadian Securities Administrators. See Schedule "A" *Corporate Governance Disclosure* attached hereto.

The Compensation 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, incentive compensation, 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 financial performance and growth in the 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. During 2006, the Corporation engaged Hay Group Limited to assist in the development of a comprehensive compensation program that will ensure that the Corporation remains externally competitive. The program will apply to all employees of the Corporation, including officers

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 individual 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. Bonuses may also be paid to certain executive officers upon the completion of certain significant events as approved by the Compensation Committee.

During 2006, financial targets relating to corporate revenues and profitability were not met, as a result, no incentive compensation was paid to executive officers under the executive compensation plan relating to corporate performance. Individual bonuses were awarded to certain executive officers based upon the evaluation of their performance relative to expectations and with the approval of the Compensation Committee. No waivers or adjustments of performance criteria were made with respect to any incentive compensation plans for the Named Executive Officers.

In connection with the restructuring of the executive management team in May 2006, the Compensation Committee approved an incentive compensation plan under which Cameron Olson, the Chief Financial Officer, was eligible to earn incentive compensation equal to 25% of base salary while serving as Interim President of the Corporation. The incentive plan was focused on retention and increased responsibilities and provided for the payment of the award upon the hiring of a permanent president and chief executive officer. The award was paid following the hiring of Steven Koles as President and Chief Executive Officer of the Corporation.

Stock-Based Compensation

Share 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 share 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. Share options are granted at the market price in effect at the time of the 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.

CEO Compensation

The Chief Executive Officer's responsibility is to provide direction and leadership in setting and achieving goals which will create value for the Corporation's shareholders. During 2006, the Corporation had two Chief Executive Officers. From January 1, 2006 until May 13, 2006, Stephen A. Verhoeff was Chief Executive Officer of the Corporation and received a base salary of \$140,912. From September 8, 2006 to December 31, 2006 Steven L. Koles was Chief Executive Officer of the Corporation and received base salary payments of \$78,686. In addition, Mr. Koles was awarded a bonus of \$10,000 by the Compensation Committee for individual performance relative to expectations. During 2006, the Corporation's Chief Executive Officers were compensated with an annualized total base salary of \$219,598.

Mr. Koles' compensation package was established following review of published data in respect of chief executive officer compensation within the industry and based upon consideration of Mr. Koles' experience. This review included publicly available information for small-cap and mid-cap technology-related companies in the local and national regions.

This information does not include the compensation paid to Michael J. Lang, the Chairman of the Board of Directors, for the period of time from May 15 to September 8, 2006 when he acted as Interim Chief Executive Officer. Details regarding compensation paid to Mr. Lang during that period are described under the section "Compensation of Directors".

In addition to salary, the Chief Executive Officer has the ability to receive share option grants. The intent of the share option opportunity is to provide the Chief Executive Officer with incentive to strategically grow the Corporation with such growth to be reflected in the market price of the Corporation's Common Shares, thereby benefiting both the Chief Executive Officer and the shareholders of the Corporation. In 2006, Mr. Koles was granted 100,000 share options.

Summary

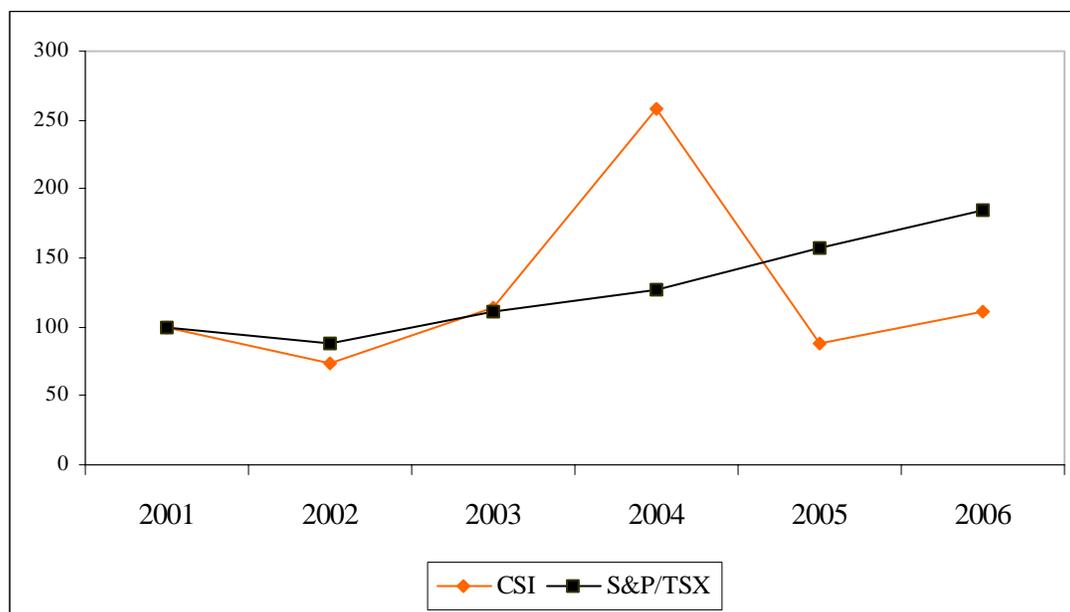
The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. Through the plans described above, a significant portion of the Corporation's executive compensation 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:

Barry D. Batcheller
Howard W. Yenke

Performance Graph

The following graph compares the Corporation's cumulative total shareholder return (assuming an investment of \$100 on December 31, 2001) on the Common Shares of the Corporation during the period ended December 31, 2006, with the cumulative total return of the TSX 300 Composite Index for the same period.



	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
CSI	100	74	114	258	88	111
S&P/TSX Composite Index	100	88	111	127	158	185

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 \$346,303 CDN was paid to Directors for serving in such capacity during the financial year ended December 31, 2006. Included in the aggregate amount paid to the Directors is \$63,685 paid to Michael Lang for additional services performed in his capacity as interim Chief Executive Officer from May 15 to September 8, 2006, \$30,336 paid to Michael Lang in his capacity as Chairman of the Board and \$120,705 US paid to Richard Heiniger for Directors fees and executive services provided in his capacity as Director and Vice-Chairman from May 15 to December 31, 2006. All Directors are reimbursed for out-of-pocket expenses incurred in connection with the performance of their duties.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The aggregate indebtedness to the Corporation of all senior officers and directors of the Corporation was US\$683,668 as at March 30, 2007. 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, 2006 to December 31, 2006 (\$)	Amount Outstanding at March 30, 2007 (\$)	Financially Assisted Securities Purchases from January 1, 2005 to December 31, 2006 (#)	Security for Indebtedness
Scott Terry Chief Engineer, Wireless	Lender	US\$22,244	Nil	Nil	Security on the Common Shares issued and bonus payments
RHS, Inc., Controlling shareholder is Richard Heiniger	Lender	US\$829,747	US\$683,668	Nil	See below

Except as set forth below, 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.

Scott Terry

In relation to the purchase of Wireless Link Corporation by CSI in June 2000, Mr. Scott Terry, the former Chief Engineer of the Corporation, issued a promissory note payable to the Corporation allowing for the purchase of shares of Wireless Link Corporation. In addition, the Corporation prepaid the withholding taxes on incentive shares that were issued in 2001 to Mr. Terry. The total of these two amounts was US\$55,611. Effective 2003, the Corporation agreed to forgive the repayment over a 5 year period, rather than Mr. Terry receiving bonuses to repay such amount. On May 19, 2006 Mr. Terry resigned as Chief Engineer of the Corporation following the divestiture of the Fixed Wireless Telephone product line, and the US\$22,244 owing to the Corporation was forgiven. Neither Mr. Terry or the Corporation have any outstanding obligations under the loans.

RHS, Inc.

On April 8, 2005, the Corporation completed the acquisition of the Outback business assets from RHS, Inc. (“RHS”), a company that is controlled by Richard Heiniger, a Director of the Corporation. Subsequent to the acquisition, the Corporation has entered into transactions with RHS, including the lease of a building, the sharing of employees and the use of a chartered aircraft owned by RHS. In addition, under the Outback business acquisition agreement, RHS has indemnified the Corporation for a share of the costs associated with certain claims against the Corporation, the payment for which is not due until the related claim is settled or terminated.

In connection with the indemnification described in the previous paragraph, 450,000 Common Shares of the Corporation are held in escrow as security for amounts owing to the Corporation under the indemnification. These Common Shares will remain in escrow until the earlier of the settlement of the associated claims or April 8, 2015.

Amounts owing to the Corporation in 2006 related to the above related party transactions are more fully described in the notes to the Corporation's consolidated financial statements for the year ended December 31, 2006, which are available on the internet on CSI's SEDAR profile at www.sedar.com.

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 or executive officers of the Corporation, any shareholder who beneficially owns, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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.

ADDITIONAL INFORMATION

The Corporation will provide, without charge to a security holder, a copy of CSI's latest annual information form and any documents incorporated therein by reference, the 2006 annual report to shareholders containing comparative financial statements for 2006 together with the auditors' report thereon and management's discussion and analysis, interim financial statements for subsequent periods, and this information circular upon request to the Chief Financial Officer and Vice President Finance, 4110 – 9th Street SE, Calgary, Alberta, T2G 3C4. If you wish, this information may also be accessed on CSI's website (www.csi-wireless.com) or on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

Corporate governance disclosures and policies required by National Instrument 58-101 are attached to this Information Circular as "Schedule A."

SCHEDULE A

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance disclosures are required by National Instrument 58-101 – Disclosure of Corporate Governance Practices to be included in this Management Proxy Circular.

- **Board of Directors**

Disclose the identity of directors who are independent.

Paul L. Camwell, Paul G. Cataford, Michael J. Lang, Howard W. Yenke, Barry D Batcheller and John Tye III are independent within the meaning of National Instrument 58-101. These Directors are not a part of CSI Wireless' management and do not have any direct or indirect material relationship with the Corporation which could or could reasonably be expected to interfere with the exercise of the Directors' independent judgement.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

Richard Heiniger is not independent as he was President of Hemisphere GPS LLC, a wholly-owned subsidiary of CSI from April 2005 to May 2006.

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

There are seven Directors in total, six of whom are independent.

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

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Michael Lang	A member of the board, and chairs the audit committee of Dynetek Industries Ltd.
Howard Yenke	N/A
Paul Camwell	N/A
Paul Cataford	A member of the board of Sierra Wireless Inc.
Richard Heiniger	N/A
John Tye III	N/A
Barry Batcheller	N/A

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

The Compensation Committee and the Audit Committee are all composed entirely of independent Directors. These committees hold regular meetings without the attendance of non-independent Directors.

Commencing in 2006, the CSI Wireless board (“**the Board**”) began adding a standing or regular item to its agendas so that at all Board meetings, there is time available for the independent Directors to meet alone, apart from the non-independent Directors. However, following the resignation of Stephen Verhoeff as a Director and CEO and the resignation of Richard Heiniger, as President of Hemisphere GPS LLC, in May 2006, it has been determined that because of the significant number of independent Directors on the board separate meetings of the independent Directors are no longer required.

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

The Chair of the Board, Michael Lang, is an independent Director within the meaning of NI 58-101.

Disclose the attendance record of each directors for all board meetings held since the beginning of the issuer’s most recently completed financial year.

Michael Lang – 100%

Paul Camwell – 87.5%

Paul Cataford – 100%

Howard Yenke – 100%

Stephen Verhoeff – 100% before resigning from the Board on May 12, 2006

Rick Heiniger – 100%

John M. Tye III - 100%

Barry D. Batcheller - 100%

Brian J. Hamilton – Mr. Hamilton did not attend any meetings of the Board in the year ended December 31, 2006, and resigned from the Board on May 24, 2006.

- **Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.**

The Mandate of the Board is attached to this Information Circular as Schedule B.

- **Position Descriptions**

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

The Board has developed a position description for the Board chairman. The Board has also developed specific Terms of Reference for each of its standing committees. The terms describe the committees and by inference their chairs’ roles. The Terms of Reference for the Audit Committee (“**Schedule C**”),

Compensation Committee (“**Schedule D**”) and Corporate Governance Committee (“**Schedule E**”) are attached.

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

The Board and the CEO have developed a written position description for the CEO.

- **Orientation and Continuing Education**

Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.

The Corporate Governance Committee, by its terms of reference (“**Schedule E**”), is responsible to develop an orientation and education program for new recruits to the Board. The committee assesses new Directors’ knowledge of the Corporation’s business (products, industries, technologies, competition, etc.), identifies areas where more information is necessary, and provides that information through reference materials, meetings with staff, and through other means. In addition, the Committee provides new Directors with copies of the Board’s mandate, the standing committees’ Terms of Reference, and other documentation.

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

Board members pursue continuing education opportunities as considered appropriate by the particular Board member. For example, a Board member has taken and graduated from the Institute of Corporate Directors’ “Directors Education Program.” In order to ensure that the Board remains knowledgeable about relevant technologies and industries, Board members receive regular technical or other relevant presentations as part of Board meetings and otherwise as considered necessary, and tour CSI facilities.

- **Ethical Business Conduct**

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

The Board has adopted a written Code of Conduct (“**Code**”) for all Directors, officers and employees.

Disclose how a person or company may obtain a copy of the code

The Code is posted on CSI’s internal and external Internet websites, and has been filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code

All CSI Directors, officers and employees must sign a form saying they will comply with the Code of Conduct. The Code includes specific procedures for anyone wanting to report a perceived violation of the Code. These procedures include access to an anonymous “whistle-blower hotline” (overseen by a third-party organization) that relays Code concerns directly to the Audit Committee. The Audit Committee has a standing or regular item on its meeting agendas to ensure that any submissions to the “whistle-blower hotline” are addressed promptly and thoroughly.

Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

There were no material change reports filed pertaining to any departures from the Code.

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

Board members and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

Due to the fact CSI has a Code of Conduct, an effective procedure for monitor and enforcing the Code, a Board Mandate, Board chairman position description, and committee Terms of Reference, we see no need at this time for additional steps.

- **Nomination of Directors**

Describe the process by which the board identifies new candidates for board nomination.

The Board's Corporate Governance Committee is responsible to develop and maintain a list of potential candidates for Board membership when necessary, and to review, interview, and recommend nominees to the full Board. Other Board members and management may also provide recommendations for nominees. Nominees must possess general business management experience, together with specific experience in areas of strategic interest to CSI. 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.

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

The Corporate Governance Committee, which is responsible for nominating Directors, is comprised of two independent Directors.

If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Board's Corporate Governance Committee, when the need for Board nominations arises, compiles and reviews a list of potential Board members and makes recommendations to the Board.

- **Compensation**

Describe the process by which the board determines the compensation for the issuer's directors and officers.

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

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

The Compensation Committee is comprised entirely of independent Directors.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Compensation 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.

See the Compensation Committee's Terms of Reference in the attached "Schedule D".

If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

During 2006, the Corporation engaged Hay Group Limited to assist in the development of a comprehensive compensation program that will ensure that the Corporation remains externally competitive. The program will apply to all employees of the Corporation, including officers, but does not apply to Directors. The consultant provided no other services to the Corporation during the year.

- **Other Board Committees**

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

See the Corporate Governance Committee's Terms of Reference in the attached "Schedule E".

- **Assessments**

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

The Corporate Governance Committee is responsible by its Terms of Reference for periodically assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Directors. The Committee conducts an annual review by circulating questionnaires to each Director. In the questionnaires, the Directors assess their own performance and that of their colleagues. The resulting information is returned to the chairman for review.

SCHEDULE B

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of the Company is responsible for the stewardship of the Company. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Company. In general terms, the Board will endeavour to:

- A. in consultation with the chief executive officer of the Company (the "CEO"), define the principal objective(s) of the Company;
- B. supervise the management of the business and affairs of the Company with the goal of achieving the Company's principal objective(s) as defined by the Board;
- C. discharge the duties imposed on the Board by applicable laws; and
- D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board, through discussion with the CEO and other management, will endeavour to perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

- a. require the CEO to present annually to the Board a strategic business plan for the Company's business, which must:
 - (i) be designed to achieve the Company's principal objectives,
 - (ii) identify the principal strategic and operational opportunities and risks of the Company's business, and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plan;
- b. review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- c. review the principal risks of the Company's business identified by the CEO and review management's implementation of appropriate systems and the steps the Company is undertaking to manage these risks;
- d. approve the annual operating and capital budgets and any subsequent revisions thereof;
- e. approve issuances of additional common shares or other securities to the public;

Monitoring and Acting

- f. monitor the Company's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- g. monitor overall human resource policies and procedures, including compensation and succession planning;

Management and Organization

- h. appoint the CEO and determine the terms of the CEO's employment with the Company;

- i. in consultation with the CEO, develop a position description for the CEO;
- j. evaluate the performance of the CEO periodically;
- k. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Company's business;
- l. in consultation with the CEO, appoint all officers of the Company and approve the terms of each officer's employment with the Company;
- m. receive periodically from the CEO the CEO's evaluation of the performance of each senior officer who reports to the CEO;
- n. develop a system under which succession to senior management positions will occur in a timely manner;
- o. approve any proposed significant change in the management organization structure of the Company;
- p. approve all retirement plans, if any, for officers and employees of the Company;
- q. in consultation with the CEO, establish a communications policy for the Company, including measures for receiving feedback from stakeholders;
- r. generally provide advice and guidance to management;

Finances, Controls and Compliance Reporting

- s. discuss with management the Company's systems to manage the risks of the Company's business and whether such systems are appropriate in the circumstances;
- t. consider the appropriateness of the Company's capital structure;
- u. review with management the procedures and controls in place to ensure that the financial performance of the Company is properly reported to shareholders, other security holders and regulators on a timely and regular basis and whether such systems are appropriate in the circumstances;
- v. in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of the Company and a process to monitor compliance with those standards;
- w. review with management the processes and systems designed to ensure compliance with applicable laws by the Company and its officers and employees and whether such systems are appropriate in the circumstances, including a review of the procedures implemented by management and the board which are designed to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Company;
- x. review with management the steps taken by the Company to maintain the integrity of internal control and information systems, including maintenance of all required records and documentation;
- y. review and approve material contracts to be entered into by the Company;
- z. recommend to the shareholders of the Company a firm of chartered accountants to be appointed as the Company's auditors;
- aa. take all necessary actions to gain reasonable assurance that all financial information made public by the Company (including the Company's annual and quarterly financial statements) is accurate and complete and represents fairly the Company's financial position and performance;

Governance

- bb. in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- cc. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
 - (i) selecting nominees for election to the Board,
 - (ii) appointing a Chairman of the Board who is not a member of management;
 - (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
 - (iv) defining the terms of reference of each committee of the Board,
 - (v) implementing processes to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,
 - (vi) establishing a system to enable any director to engage an outside adviser at the expense of the Company;
- dd. review periodically the adequacy and form of the compensation of directors;

Delegation

- ee. the Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board;

Meetings and Composition

- ff. the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;
- gg. a majority of the Board members should be "independent" directors as such term is defined in Multilateral Instrument 52-110 – "Audit Committees";
- hh. where practicable, meeting materials will be sent to Board members prior to Board meetings and members of the Board are expected to review such materials in advance of any Board meeting;
- ii. minutes of each meeting shall be prepared;
- jj. the Chief Executive Officer or his designate(s) may be present at all meetings of the Board;
- kk. Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board;
- ll. from time to time as required, members of the Board who are "independent" directors will meet separately from directors who are members of management, to discuss any matters raised by an "independent" director;

Report/Authority

- mm. following each meeting, the secretary of such meeting will promptly report to the Board by way of providing draft copies of the minutes of the meetings;

- nn. supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the Chief Executive Officer;
- oo. the Board shall have the authority to review any corporate report or material and to investigate activity of the Company and to request any employees to cooperate as requested by the Board;
- pp. the Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company.

SCHEDULE C

AUDIT COMMITTEE TERMS OF REFERENCE

1. **Establishment of Audit Committee:** The board of directors (the "Board") hereby establish a committee to be called the Audit Committee (the "Committee").
2. **Membership:** The Committee shall be composed of three members or such greater number as the Board may from time to time determine, all of whom shall be "independent", as such term is defined in Multilateral Instrument 52-110, "Audit Committees" ("MI 52-110"). Members shall be appointed periodically from among the "independent" members of the Board. All members of the Committee shall be financially literate, being defined under MI 52-110 and herein as having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Company's financial statements.
3. **Mandate:** The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities.

Audit Committee Purpose

Through discussion with management and the external auditors of the Company, the Audit Committee will be responsible to:

- Monitor the management of the principal risks that could impact the financial reporting of the Company;
- Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- Oversee and monitor the independence and performance of the Company's external auditors;
- Provide an avenue of communication among the external auditors, management and the Board of Directors, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures, and practices at all levels;
- Monitor compliance with legal and regulatory requirements; and
- Ensure that effective procedures are in place for the anonymous submission, receipt, retention and treatment of complaints and concerns regarding accounting, internal control and auditing matters.

Audit Committee Duties and Responsibilities

Primarily through review and discussion with management and the external auditors, the Audit Committee is responsible to:

Review Procedures

- (a) Review periodically the Committee's Terms of Reference;

- (b) Review the Company's annual audited financial statements and related documents, including the press release and MD&A, prior to filing or distribution. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments;
- (c) Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (d) Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements;
- (e) Periodically, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures;
- (f) Review risk management policies and procedures of the Company (i.e., litigation and insurance);
- (g) Periodically review and assess the adequacy of the procedures that are in place for the review of the Company's public disclosure of financial information extracted from or derived from the Company's financial statements;
- (h) Review significant findings prepared by the external auditors together with management's responses;
- (i) Review the principal risks affecting financial reporting;
- (j) Review with financial management and the external auditors, and approve, the company's quarterly financial results and related documents, including the quarterly press releases and MD&A, prior to the public release. By approval of these Terms of Reference for the Audit Committee, the Board delegates the authority to approve these documents on behalf of the Board;
- (k) Discuss any significant changes to the Company's accounting principles prior to their adoption. The Chair of the Committee may represent the entire Audit Committee for purposes of this review;

External Auditors

- (l) The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the external auditors or approve any discharge of auditors when circumstances warrant;
- (m) Approve the fees and other significant compensation to be paid to the external auditors;
- (n) On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence;
- (o) Review the external auditors' audit plan - discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach;
- (p) Prior to releasing the year-end financial results, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;

- (q) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
- (r) Approve all non-audit services to be provided to the Company by the external auditors' firm, prior to such services being performed, except that by approval of these terms of reference, the Audit Committee hereby approves the following non-audit services to be provided by the external auditors:
 - (i) Tax services connected with the preparation of the Company's tax returns, or the tax returns of any of its subsidiaries; and
 - (ii) Due diligence and tax services connected with any mergers, acquisitions or dispositions being considered by the Company;
- (s) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present or former auditors;
- (t) When there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

Legal Compliance

- (u) On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

Other Audit Committee Responsibilities

- (v) Periodically assess the effectiveness of the committee against its terms of reference and report the results of the assessment to the Board.

4. Administrative Matters: The following general provisions shall have application to the Committee:

- (a) The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties;
- (b) Two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its independent members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) The Committee shall meet at least four times per year and/or as deemed appropriate by the Chair;
- (e) If deemed necessary by the Chair, agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;

- (f) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (g) The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- (h) The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Company or by resolution of the Board;
- (i) Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman;
- (j) Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE D**COMPENSATION COMMITTEE TERMS OF REFERENCE**

1. **Establishment of Compensation Committee:** The board of directors (the "Board") hereby establish a committee to be called the Compensation Committee (the "Committee").
2. **Membership:** The Committee shall be composed of two members or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" directors as defined in Multilateral Instrument 52-110 "Audit Committees". Members shall be appointed periodically from among the members of the Board.
3. **Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for overseeing the approach of the Company to matters concerning director, executive and employee compensation and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will have the authority and responsibility for:
 - (a) reviewing on a periodic basis the compensation of the Board, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Company, and recommending to the Board changes in director compensation based upon such review;
 - (b) reviewing on a periodic basis the compensation of the Senior Executives of the Company, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Company, and recommending to the Board changes in executive compensation based upon such review;
 - (c) reviewing, on a periodic basis the compensation program of the Company, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Company, and approving changes to the compensation program. For this purpose, the compensation program of the Company will include salaries, benefit programs, stock-based compensation programs, incentive compensation programs, and all other items impacting the compensation of all employees of the Company;
 - (d) make recommendations to the board of directors regarding appointments of corporate officers and senior management;
 - (e) monitoring the human resources practices of the Company, including the development and implementation of policies, performance management and other processes impacting employee recruitment and retention;
 - (f) reviewing corporate goals and objectives relevant to Chief Executive Officer compensation and together with the independent directors determine and approve the Chief Executive Officer's compensation based on evaluation from the Chairman of the Board;;
 - (g) making recommendations to the board of directors with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity based plans that are subject to board approval;

- (h) reviewing annually and recommending for approval to the board of directors the executive compensation disclosure and "Report of the Compensation Committee" disclosure of the Company in its information circular; and
- (i) review periodically the Committee's Terms of Reference.

4. **Administrative Matters:** The following general provisions shall have application to the Committee:

- (a) the Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company;
- (b) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) the Committee shall meet at least two times per year and/or as deemed appropriate by the Chair;
- (e) if deemed necessary by the Chairman, agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;
- (f) any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (g) the Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- (h) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Company or by resolution of the Board;
- (i) unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an independent director, unrelated to the Company; and
- (j) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE E**CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE**

1. **Establishment of Corporate Governance Committee:** The board of directors (the "Board") hereby establish a committee to be called the Corporate Governance Committee (the "Committee").
2. **Membership:** The Committee shall be composed of two members or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" directors as defined in Multilateral Instrument 52-110 "Audit Committees". Members shall be appointed periodically from among the members of the Board.
3. **Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for developing the approach of the Company to matters concerning corporate governance and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will have the authority and responsibility for:
 - (a) periodically review the mandates of the Board and the terms of reference of its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
 - (b) reviewing and recommending to the Board the disclosure of corporate governance practices to be included in the Company's annual report or information circular as required by any regulatory authority;
 - (c) to make assessments and recommendations to the Board as to which directors should be classified as "independent" directors pursuant to Multilateral Instrument 52-110 "Audit Committees".for any such report or circular;
 - (d) reviewing on a periodic basis the composition of the Board and considering whether an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
 - (e) assessing, periodically, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
 - (f) establishing criteria for potential candidates for Board membership and have such criteria approved by the Board;
 - (g) the retention and termination of any search firms used to identify director candidates including sole authority to approve the search firms' fees and other retention terms;
 - (h) identifying individuals qualified to become Board members, consistent with criteria approved by the Board and maintaining a list of potential candidates for Board membership and where appropriate, interviewing potential candidates for board membership;
 - (i) to develop for approval by the Board, when necessary, an orientation and education program for new recruits to the Board;
 - (j) establish, review and update periodically (as required) a code of business conduct and ethics (the "Code") and review the system that management has established to monitor compliance with this Code;

- (k) review management's monitoring of the Company's compliance with the organization's Code;
- (l) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- (m) to develop and recommend to the Board for approval and periodically review structures and procedures designed such that the Board can function independently of management;
- (n) review periodically the Committee's Terms of Reference; and
- (o) to review and consider the engagement at the expense of the Company of professional and other advisors by any individual director when so requested by any such director.

4. **Administrative Matters:** The following general provisions shall have application to the Committee:

- (a) the Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company;
- (b) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) members should have or obtain sufficient knowledge of the Company's corporate governance requirements to assist in providing advice and counsel on ongoing compliance and improvements to the Company's corporate governance activities;
- (e) the Committee shall meet at least two times per year and/or as deemed appropriate by the Chair;
- (f) if deemed necessary by the Chairman, agendas, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;
- (g) any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (h) the Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- (i) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Company or by resolution of the Board;
- (j) unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act

as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an independent director, unrelated to the Company; and

- (k) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE F**SHARE OPTION PLAN, INCLUDING PROPOSED AMENDMENTS****1. INTERPRETATION:**

For the purposes of this Share Option Plan, the following terms shall have the following meanings:

- a. "**Blackout Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a share option;
- b. "**Change of Control**" means any of the following:
 - i. The sale by the Corporation of all of the assets of the Corporation or substantially all of the assets of the Corporation;
 - ii. The acquisition by any Person (whether from the Corporation or from any other Person) of Common Shares or other securities of the Corporation having rights of purchase, conversion or exchange into Common Shares which together with securities of the Corporation held by such Person, together with Persons acting jointly or in concert (as those terms are defined by the *Securities Act (Alberta)*) with such Person, exceeds 51% of the issued and Outstanding Common Shares (assuming, for either test, the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Common Shares, such Person or Persons would be entitled to); or
 - iii. the amalgamation or merger of the Corporation with or into any one or more other corporations (other than: (a) an amalgamation or merger of the Corporation with or into a subsidiary (as such term is defined in the Alberta Business Corporations Act) of the Corporation; or (b) an amalgamation or merger of the Corporation unanimously recommended by the Board of Directors provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated or merged Corporation having attached thereto not less than 51% of the votes attached to all shares of such amalgamated or merged Corporation);
 - iv. the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board of Directors as directors of the Corporation, who are not included in the slate for election as directors proposed to the Corporation's shareholders by management of the Corporation;
 - v. the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) or (iv) referred to above; or
 - vi. a determination by the Board of Directors that there has been a change, whether by way of a change in the holding of Common Shares, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.
- c. "**Common Shares**" means common shares in the capital of the Corporation;
- d. "**associate**" and "**affiliate**" have the meanings set forth in the *Securities Act (Alberta)*;
- e. "**Insider**" means an insider as defined in the Company Manual of the Toronto Stock Exchange, as amended from time to time;

- f. **"Outstanding Common Shares"** means the issued and outstanding Common Shares on a non-diluted basis; and
- g. **"Person"** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative and any national, provincial, state or municipal government.

2. Purpose of Plan

The purpose of the Share Option Plan (the "**Plan**") is to develop the interest of officers, directors, employees and certain key consultants ("**service providers**") (where permissible) of the Corporation and its subsidiaries (if any) in the growth and development of the Corporation and its subsidiaries by providing them with the opportunity through share options to acquire an increased proprietary interest in the Corporation.

3. Administration

The Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Board of Directors.

4. Granting of Options

The Committee may from time to time designate directors, officers or full-time employees of the Corporation or of any of its subsidiaries or service providers to whom share options to purchase Common Shares may be granted (the "**Optionees**" or "**Participants**") and the number of the Common Shares to be optioned to each such Optionee.

5. Limitations to the Plan

Notwithstanding any other provision of the Plan:

- a. subject to Clause 10 hereof, the maximum number of Common Shares issuable pursuant to the Plan shall be a "rolling" maximum equal to 10% of the Outstanding Common Shares from time to time, subject to the following limitations:
 - i. the aggregate number of shares reserved for issuable pursuant to the Plan to any one person shall not exceed 5% of the Outstanding Common Shares;
 - ii. the number of Common Shares reserved for Insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of issued and Outstanding Common Shares;
 - iii. the number of Common Shares issued to Insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of issued and Outstanding Common Shares;
- b. any share options granted pursuant to the Plan shall be non-assignable;

The "reloading" of share options, as described in the Toronto Stock Exchange Staff Notice #2004-0002 is permitted under the Plan. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan, and any exercises of share options will make new grants available under the Plan effectively resulting in a re-loading of the number of share options available to grant under the Plan. No fractional Common Shares may be purchased or issued hereunder.

6. Vesting

The Committee may, in its sole discretion, determine the time during which share options shall vest and the method of vesting, or that no vesting restriction shall exist. Further, the Committee may, in its sole discretion at any time or in the share option agreement in respect of any share options granted, accelerate or provide for the acceleration of, vesting of share options previously granted.

7. Option Price

The exercise price of share options granted pursuant to the Plan shall be fixed by the Committee when the share option is granted, provided that such price shall not be less than the market price of the Common Shares on the day immediately prior to the date of the grant. "**Market price**", on any date, shall be the closing trading price of the Common Shares on the Toronto Stock Exchange (as reported by such exchange) on that date or, in the absence of a closing price on such date, on the most recent date (not exceeding 10 days) prior to such date or, if the Common Shares are not listed on the Toronto Stock Exchange, on such other stock exchange as the Committee may designate and, otherwise, shall be as determined by the Committee.

8. Option Terms

The period during which a share option is exercisable shall, subject to the provisions of the share option providing for the acceleration or earlier termination of the exercise period thereunder, be such period as may be determined from time to time by the Committee provided that any share options granted pursuant to the Plan shall expire not later than ten years after the date of grant. Each share option shall, among other things, contain provisions to the effect that the share option shall be personal to the optionee and shall not be assignable, mortgaged, pledged, hypothecated or otherwise dealt with in any manner whatsoever. In addition, each share option shall provide that:

- a. upon the death of the optionee, the share option shall terminate on the date determined by the Committee which shall not be more than twelve months from the date of death; and
- b. if the optionee shall no longer be a director, officer or employee of, or a key consultant to, either the Corporation or a subsidiary of the Corporation the share option shall terminate on the expiry of the period (the "**Termination Date**") not in excess of 90 days following the date that the optionee ceases to be a director, officer or an employee of, or service provider to, either the Corporation or a subsidiary of the Corporation;

provided that the number of Common Shares that the optionee (or his heirs or successors) shall be entitled to purchase until such date of termination, shall be the number of Common Shares which the optioned was entitled to purchase on the date of death or the date the optionee ceased to be an officer, director employee, or service provider, as the case may be.

If the normal expiry date of any share option falls within any Blackout Period or within 10 days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "**Restricted Options**"), then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 days following the end such Blackout Period. The foregoing extension applies to all share options whatever the date of grant and shall not be considered an extension of the term of the share options.

9. Exercise of Option

Subject to the provisions of the Plan, a share option may be exercised from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the share option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased.

10. Alterations in Common Shares and Accelerated Vesting

- a. Appropriate adjustments in the number of Common Shares optioned and in the share option price per share, as regards share options granted or to be granted, may be made by the Committee in its discretion to give effect to adjustments in the number of Common Shares resulting subsequent to the approval of the Plan by the Committee from subdivisions, consolidations or reclassification of the Common Shares of the Corporation, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation.
- b. **Take-over Bid:** If while any share option is outstanding a take-over bid (as defined in the *Securities Act* (Alberta)) which is not exempt from the take-over bid requirements of Part 13 of the *Securities Act* (Alberta) (or its replacement or successor provisions) shall be made for all or substantially all of the Common Shares, all share options to purchase Common Shares which have not otherwise vested shall be deemed to have vested, the optionee shall have the right to exercise the share option to purchase all of the Common Shares which have not been previously purchased on exercise of any outstanding share options and which have vested (including those which have vested in accordance with the foregoing), but any such share option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such take-over bid. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the take-over bid, any such Common Shares so purchased by the optionee shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Common Shares, if any, remaining unexercised under the share option (and shall thus be available for exercise of the share option in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the optionee all consideration paid by him or her in the initial purchase thereof. In the event that such take-over bid is made and the Common Shares are taken up and paid for pursuant to such take-over bid, the Corporation shall have the right to satisfy any obligation to the optionee in respect of any share options not exercised prior to such taking up and paying, by paying to the optionee (subject to applicable withholding tax), in cash, the difference between the exercise price of all unexercised share options granted and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised share options on such date, which determination of fair market value shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee shall be binding and conclusive. Upon payment as aforesaid, the share option agreement and share option shall terminate and the optionee shall cease to have any further rights thereunder effective immediately prior to the offeror pursuant to such takeover bid taking up and paying for Common Shares pursuant to the take-over bid.
- c. **Change of Control:** In the event of a Change of Control occurring, all share options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the share options.

11. Regulatory Authorities Approvals

The Plan shall be subject to the approval, if require, of any stock exchange on which the Corporation's Common Shares are listed for trading. Any share options granted prior to such approval shall be conditional upon such approval being given and no such share options may be exercised unless such approval, if required, is given.

12. Amendment or Discontinuance of the Plan

The Committee may, subject to the prior approval of the Board of Directors of the Corporation and any stock exchange or other regulatory body having jurisdiction, amend or discontinue the Plan at any time. For example, the Committee, subject to the prior approval of the Board of Directors, shall have the power and authority to approve amendments relating to the Plan or to share options granted hereunder, without further approval of the shareholders, to the extent that such amendments relate to, without limitation:

- a. altering, extending or accelerating the terms and conditions of vesting of any share options;
- b. extending the term of share options held by a person other than a person who, at the time of the extension, is an Insider, provided that the term does not extend beyond ten years from the date of grant;
- c. reducing the exercise price of share options held by a person other than a person who, at the time of the repricing, is an Insider;
- d. accelerating the expiry date in respect of share options;
- e. adding a cashless exercise feature to the Plan;
- f. determining the adjustment provisions pursuant to Section 10(a) hereof;
- g. amending the definitions contained within the Plan;
- h. amending or modifying the mechanics of exercise of share options; or
- i. amendments of a "housekeeping" nature.

However, without the prior approval of the shareholders, as may be required by any stock exchange or other regulatory body having jurisdiction, the Committee may not:

- a. make any amendment to the Plan to increase the percentage of Common Shares issuable on exercise of outstanding share options at any time pursuant to Section 5(a) hereof;
- b. change the manner of determining the minimum exercise price;
- c. reduce the exercise price of any outstanding share options held by Insiders;
- d. subject to Section 8, extend the term of any outstanding share option held by Insiders beyond the original expiry date of such share option;
- e. make any change to eligible participants which would have the effect of broadening or increasing Insider participation;
- f. make any amendment to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Section 5(a) hereof;
- g. make any amendment to the Plan that would permit an optionee to transfer or assign share options to a new beneficial optionee other than in the case of death of the optionee; or
- h. amend this Section 12.

In addition, no amendment to the Plan or share options granted pursuant to the Plan may be made without the consent of the optionee, if it adversely alters or impairs any share option previously granted to such optionee under the Plan.

13. Prior Plans

The Plan shall entirely replace and supersede prior share options plans, if any, enacted by the Board of Directors of the Corporation or its predecessor corporations, if any.

April, 1996 (as amended December 1996, June 1997, December 1997, April 2004, May 2004 and May 9, 2007)