

MICROFORUM INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of MICROFORUM INC. (the “Corporation”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”). References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation and will represent management at the Meeting. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the Corporation's transfer agent indicated on the enclosed envelope not later than twelve noon (Toronto time) on the last business day preceding the date of the Meeting or any adjournment of the Meeting.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Common Shares (as hereinafter defined) represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney duly authorized in writing, and deposited either at the registered office of the Corporation or its transfer agent at any time up to and including the last business day preceding the date of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders

appointing them. **In the absence of such direction, such shares will be voted in favour of each of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of common shares (“Common Shares”) and an unlimited number of preference shares (“Preference Shares”) issuable in series. As at the date hereof, 41,582,513 Common Shares and no Preference Shares of the Corporation are issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The Corporation has fixed May 24, 2000 as the record date (the “Record Date”) for the purpose of determining shareholders entitled to receive notice of the Meeting. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote at the Meeting the Common Shares shown opposite his name on the list except to the extent that such shareholder has transferred any of his Common Shares after the date on which the list was prepared, and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of the shares and demands not later than ten (10) days before the Meeting to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote his Common Shares at the Meeting. Holders of Common Shares are entitled to one (1) vote in respect of each matter to be voted upon at the Meeting for each Common Share held.

As at the date hereof, to the knowledge of the directors and senior officers of the Corporation, no person, firm or corporation beneficially owns or exercises control or direction over securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets out details of the compensation paid or payable by the Corporation by way of salary and bonus for services rendered during the Corporation's fiscal years ended February 29, 2000, February 28, 1999 and February 28, 1998 to the Corporation's Chief Executive Officer and each of the Corporation's other executive officers (as defined under applicable law) who served as executive officers as of February 29, 2000 and whose aggregate salary and bonus exceeded \$100,000 (collectively, the "Executive Officers") for the most recently completed fiscal year. All compensation figures are reported in Canadian dollars:

Summary Compensation Table						
Name and Principal Position	Year ended Feb 28 or Feb 29	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) ⁽²⁾	Long-Term Compensation Securities Under Options Granted (#)	All Other Compensation (\$)
Howard A. Pearl ⁽¹⁾ , President and Chief Executive Officer	2000	\$600,000	Nil	Nil	500,000	Nil
	1999	\$600,000	Nil	Nil	220,000	Nil
Frank Iadipaolo ⁽¹⁾ , Chief Financial Officer	2000	\$156,600	Nil	\$10,000	300,000	Nil
	1999	\$125,000	Nil	\$6,600	318,333	Nil
	1998	\$112,000	Nil	\$6,600	66,667	Nil
Marco Argenti ⁽¹⁾ , Chief Technology Officer	2000	\$175,000	\$7,500	\$10,000	375,000	Nil
	1999	\$120,000	Nil	\$6,600	70,000	Nil
	1998	\$100,000	Nil	\$6,600	55,000	Nil
Jason D. Meretsky ⁽¹⁾⁽³⁾ , Vice President, Corporate Affairs, General Counsel & Secretary	2000	\$150,000	Nil	\$7,800	150,000	Nil

Notes:

- (1) See "Statement of Executive Compensation - Employment Contracts with Executive Officers".
- (2) These figures represent a car allowance payable by the Corporation.
- (3) On August 18, 1999, Mr. Meretsky was appointed as Secretary of the Corporation. See "Statement of Executive Compensation - Employment Contracts with Executive Officers".

Employment Contracts with Executive Officers

On November 11, 1998, the board of directors of the Corporation appointed Howard Pearl as the Chief Executive Officer and President of the Corporation and increased his annual salary from \$500,000 to \$600,000. Pursuant to amendments entered into between the Corporation and Mr. Pearl on November 11, 1998, the term of Mr. Pearl's employment was extended for three (3) additional years commencing November 11, 1998 and concluding November 10, 2001 and thereafter, for successive one (1) year periods unless otherwise terminated. In the event of termination other than for cause or incapacity, Mr. Pearl shall be entitled to be paid the balance of his base salary owing up to a maximum of three (3) years and a minimum of two (2) years.

By agreement dated December 29, 1998, Frank Iadipaolo receives an annual salary of \$156,600 and in the event of termination, Mr. Iadipaolo will be entitled to receive a severance payment equal to twelve (12) months of his existing salary, including employment benefits, and all outstanding options granted to Mr. Iadipaolo shall immediately vest, having an exercise period which expires on the day which is twelve months following the date of vesting.

Effective October 15, 1999, Marco Argenti is to receive a base annual salary of \$175,000, and has received a one time signing bonus of \$7,500. The agreement provides for a minimum one (1) year term expiring on December 31, 2000 and thereafter it shall become indefinite. The agreement may be terminated by the Corporation within the one (1) year period upon payment of the remaining base salary owing.

On August 18, 1999, Jason Meretsky was appointed Secretary of the Corporation. By agreement dated December 18, 1998, Mr. Meretsky was employed as Senior Manager, Business & Legal Affairs of the Corporation for a one year period expiring January 31, 2000 at an annual salary of \$110,000. On January 31, 1999, Mr. Meretsky was appointed Vice-President, Corporate Affairs, General Counsel and Secretary of Microforum and entered into a new employment agreement with the Corporation for a one (1) year period upon the expiry of which his employment will be for an indefinite term. The agreement provides for an annual base salary of \$150,000. In the event of termination without cause and upon acquisition of the Corporation, Mr. Meretsky shall be entitled to receive a payment equal to one (1) year of base salary.

Stock Options – Executive Officers

The following table sets out the particulars of options granted to the Executive Officers during the fiscal year ended February 29, 2000:

**Options Granted During
Fiscal Year Ended February 29, 2000**

Name	Securities Under Options Granted (#)	% of Total Options Granted	Exercise Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Howard A. Pearl	250,000	8%	\$2.45	\$2.45	April 20, 2009
	250,000	8%	\$8.00	\$8.00	January 5, 2010
Frank Iadipaolo	150,000	5%	\$2.45	\$2.45	April 20, 2009
	150,000	5%	\$8.00	\$8.00	January 5, 2010
Marco Argenti	125,000	4%	\$2.45	\$2.45	April 20, 2009
	100,000	3%	\$8.05	\$8.05	July 20, 2009
	150,000	5%	\$8.00	\$8.00	January 5, 2010
Jason D. Meretsky	150,000	5%	\$8.00	\$8.00	January 5, 2010

The following table sets forth the total number of Common Shares available for acquisition under options held by Executive Officers and the value of those options as at February 29, 2000:

**Aggregated Options Exercisable and Outstanding During
Fiscal Year Ended February 29, 2000**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at February 29, 2000		Value of Unexercised in-the-Money Options at February 29, 2000	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Howard A. Pearl	Nil	Nil	264,867	455,133	\$2,380,490	\$2,893,010
Frank Iadipaolo	151,667	\$410,418	60,221	406,445	604,609	\$3,099,369
Marco Argenti	20,000	\$16,533	13,333	401,667	\$140,080	\$2,356,420
Jason D. Meretsky	13,333	\$16,533	20,000	216,667	\$209,200	\$1,252,337

Notes:

- (1) The closing market price of the common shares of the Corporation on Tuesday, February 29, 2000 was \$11.70.

Composition of the Compensation Committee and Report on Executive Compensation

During the fiscal year ended February 28, 2000, the compensation committee (the "Compensation Committee") was comprised of J. Efrim Boritz (Chairman), François M. de Gaspé Beaubien and Donald Paterson.

It is the responsibility of the Compensation Committee to determine the level of compensation in respect of the Corporation's senior executives (including the Executive Officers) with a view towards providing such executives with a competitive compensation package having regard to performance. Performance is defined to include achievement of the Corporation's strategic objectives of growth and the enhancement of shareholder value.

There are three key components of the Corporation's compensation system: base salary, performance bonuses, and the granting of stock options. Performance bonuses are considered from time to time having regard to the above-referenced objectives. The Compensation Committee believes that stock options encourage the Corporation's senior executive to own and hold Common Shares in the Corporation and to tie their long-term interests directly to those of the shareholders. Under the terms of the Corporation's Stock Option Plan (as hereinafter defined), the Compensation Committee may designate employees, including Executive Officers, eligible to receive options to acquire Common Shares at not less than the then current trading price on The Toronto Stock Exchange.

In establishing the levels of base salary, the award of stock options and performance bonuses the Compensation Committee takes into consideration individual performance, responsibilities, length of service and levels of compensation provided by industry competitors.

Compensation of the Chief Executive Officer

The major components of the remuneration of the Chief Executive Officer for the Corporation's fiscal year-ended 2000 were a base salary and the grant of stock options under the Corporation's Stock Option Plan. The Chief Executive Officer's base salary is prescribed pursuant to the terms of an employment agreement between Mr. Pearl and the Corporation, dated November 1, 1998, at which time Mr. Pearl received a salary increase which was based on the following considerations: his personal performance, the Corporation's performance and the results of various domestic studies which generally assess chief executive officer compensation in Canada, as well as specific to the Corporation's industrial community. However, the Compensation Committee did not assign relative weight to any specific factors in fixing the Chief Executive Officer's salary. The Chief Executive Officer is also eligible for an annual bonus at the discretion of the board of directors. The Chief Executive Officer also participates in the Stock Option Plan on the same basis as all other Executive Officers and employees of the Corporation. In the year 2000, Mr. Pearl received stock options to acquire an aggregate of 500,000 Common Shares. See "Statement of Executive Compensation – Stock Options – Executive Officers."

Report submitted by: J. Efrim Boritz
François M. de Gaspé Beaubien
Donald Paterson

Compensation of Directors

During the fiscal year ended February 29, 2000, each of J. Efrim Boritz and Donald W. Paterson were compensated for services rendered to the board of directors in the form of Common Shares (“Retainer Shares”) as follows:

<u>Name</u>	<u>Value of Retainer Shares</u>	<u>Number of Retainer Shares</u>
J. Efrim Boritz	\$10,000	4,348
Donald W. Paterson	\$10,000	4,348
Totals	\$20,000	8,696

The number of Retainer Shares was computed by dividing the annual retainer of \$10,000 for services rendered to the board of directors and a fee of \$500 for each meeting of the board of directors which they attended, in person or by telephone conference, based on 12 meetings per annum) divided by \$2.35, representing the closing market price of the Common Shares on January 19, 1999. One-half of the total number of shares issued to each director under this arrangement were delivered on August 31, 1999 with the remaining balance delivered on January 31, 2000. Instead of receiving Retainer Shares, David R. Peterson, the Chairman of the board of directors, François M. de Gaspé Beaubien, Dwight Crane and Ken Nickerson received an annual cash retainer of \$10,000 (\$25,000, in the case of the Chairman) for services rendered to the board of directors and a fee of \$500 for each meeting of the board of directors which each attended, in person or by telephone conference.

For the year 2000, each of the non-management directors has elected to be compensated for services rendered to the board of directors of the Corporation in the form of Retainer Shares pursuant to the Corporation's outside directors' share plan (the “Outside Directors' Share Plan”) approved by the Corporation's shareholders at the annual and special meeting of shareholders held on August 16, 1999. Each of the directors is to receive 916 Retainer Shares (2,289 Retainer Shares in the case of Mr. Peterson, Chairman of the Board) for directorship services to be rendered during the year 2000. In accordance with the terms of the Outside Directors' Share Plan, the number of Retainer Shares to be received by each has been computed by dividing the annual retainer fee for services rendered of \$10,000 (\$25,000 in the case of Mr. Peterson, the Chairman of the Board) by the weighted average trading price of the Common Shares on The Toronto Stock Exchange for the first twenty (20) consecutive trading days of January, 2000. One-half of the Retainer Shares issued to each director are to be delivered on August 31, 2000 with the balance to be delivered on January 31, 2001. Additionally for the year 2000, the directors are each to receive per diem meeting fees as follows: (i) a cash fee of \$500 for every meeting of the board of directors attended in person; (ii) a cash fee of \$250 for every meeting of the board of directors attended by telephone; (iii) a cash fee of \$250 for every Audit Committee meeting, Compensation Committee meeting or Acquisition Committee meeting, as the case may be, attended in person or by telephone provided such meeting is not in conjunction with a board of directors meeting. To the extent that an Audit Committee meeting, Compensation Committee meeting or Acquisition Committee meeting is held in conjunction with a meeting of the board of directors, the applicable directors will only be entitled to receive the per diem fee relating to the

meeting of the board of directors and will not be entitled to receive an additional committee meeting fee.

Directors' and Officers' Liability Insurance

The Corporation has acquired a directors' and officers' insurance policy in the amount of \$5 million per occurrence containing industry standard exclusions and deductibles. The Corporation pays an annual premium of \$17,150 for this policy. No claims under the policy have been made to date. The Corporation has also purchased life insurance contracts for the following "key persons": Howard Pearl, the President and Chief Executive Officer of the Corporation, in the amount of \$1,000,000; Marco Argenti, Chief Technology Officer of the Corporation in the amount of \$500,000; Frank Helwig, Vice-President, Online Commerce of the Corporation, in the amount of \$250,000 and Eric Snyder, Vice-President of the Corporation, in the amount of \$250,000. The Corporation has not obtained any other "key person" insurance.

Stock Option Plan

Pursuant to a resolution of the board of directors of the Corporation dated April 1, 1996, the Corporation established a stock option plan (the "Stock Option Plan"), as amended by resolution of the board of directors dated June 25, 1997 and ratified by the shareholders on August 25, 1997, amended by resolution of the shareholders on March 24, 1998 and further amended by resolution of the shareholders on August 16, 1999, to provide incentive compensation to its directors, officers, employees, consultants and service providers. After giving effect to the exercise of options to purchase 1,065,611 Common Shares, the balance of Common Shares reserved for issuance pursuant to the Stock Option Plan as of May 19, 2000 is 5,434,389. The option price of any shares cannot be less than the closing price of the shares on the day immediately preceding the date upon which the option is granted. Options granted under the Stock Option Plan may be exercised during a period not exceeding 10 years subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation or any of its subsidiaries, as applicable, or upon the occurrence of specified events such as retirement, disability or death. The options are non-transferable and typically vest in equal amounts over a three year period. The board of directors may, from time to time, amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan was amended on March 24, 1998 to provide that if the Corporation accepts an offer to amalgamate, merge or consolidate with any other Corporation (other than a wholly-owned subsidiary) or in the event that holders of greater than 50% of the Corporation's Common Shares accept an offer made to all or substantially all of the holders of the Common Shares of the Corporation to purchase in excess of 50.1% of the current issued and outstanding common shares, then all of the then unvested options shall, without any further action on behalf of the Corporation, be automatically vested in full.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Appointment of Auditors

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

2. Election of Directors

The articles of the Corporation provide for a minimum of one (1) and a maximum of ten (10) directors. The provisions of the *Business Corporations Act* (Ontario) require that a corporation which offers its securities to the public have a minimum of three (3) directors. **The board of directors has been set at nine (9) persons and nine (9) directors will be elected at the Meeting and unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below.** Management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting or any adjournment thereof, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of business of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the Corporation's by-laws.

The statement as to the Common Shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the nominee.

Name and Position and/or office with Corporation	Present Principal Occupation	Year Became Director	Number of Shares owned Directly or Indirectly or Over which Control or Discretion is Exercised
The Hon. David R. Peterson, P.C., Q.C. Chairman of the Board	Senior Partner, Cassels Brock & Blackwell LLP (law firm)	1996	Nil ⁽⁴⁾
Marco Argenti Director, Chief Technology Officer	Chief Technology Officer of the Corporation	Nominee	Nil ⁽⁵⁾
J. Efrim Boritz ⁽¹⁾⁽²⁾⁽³⁾ Director	Professor, School of Accounting, University of Waterloo	1997	17,848 ⁽⁶⁾

Name and Position and/or office with Corporation	Present Principal Occupation	Year Became Director	Number of Shares owned Directly or Indirectly or Over which Control or Discretion is Exercised
Dwight B. Crane ⁽¹⁾ Director	Professor, Harvard Business School, Harvard University	1999	800 ⁽⁷⁾
François M. de Gaspé Beaubien ⁽²⁾ Director	Co-Chief Executive Officer Telemedia Corporation	1999	32,000 ⁽⁸⁾
Ken Nickerson ⁽³⁾ Director	Founder of Ibinary Corp (wireless technology firm)	1999	Nil ⁽⁹⁾
Donald W. Paterson ⁽¹⁾⁽²⁾⁽³⁾ Director	President, Cavandale Corporation (corporate consultant)	1996	7,848 ⁽¹⁰⁾
Howard A. Pearl Director, President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	1998	3,231,606 ⁽¹¹⁾
Steven C. Small Director	President and Chief Executive Officer of Capital Partners Corporation (merchant bank)	Nominee	Nil ⁽¹²⁾

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Acquisition Committee.
- (4) The Honourable David R. Peterson is the Chairman of the board of directors of the Corporation and was elected to the board of directors in 1996. Since 1991, Mr. Peterson has been a partner at the law firm of Cassels Brock & Blackwell LLP in Toronto, Ontario. Prior to joining Cassels Brock & Blackwell LLP, Mr. Peterson served as the Premier of the Province of Ontario. Mr. Peterson holds options to acquire up to 35,000 Common Shares at an exercise price of \$6.50 per share, 60,000 Common Shares at a price of \$1.25 per share, 45,000 Common Shares at an exercise price of \$3.15 and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.
- (5) Marco Argenti is the Chief Technology Officer of the Corporation. Mr. Argenti joined the Corporation in 1996 when the Corporation acquired his software development company, Dreamware s.r.l. Mr. Argenti is a pioneer in the development of e-commerce business solutions including the iFrontECS™, having been recognized in his field by market leader Microsoft Corporation. Mr. Argenti has founded and operated several high technology companies and has utilized his extensive experience in Internet technologies to develop the strategies of Internet Frontier Inc., a predecessor company to the Corporation. Mr. Argenti is currently one of 50 persons worldwide appointed to Microsoft's Commerce Partner Advisory Board. Mr. Argenti is also a member of the Institute for Electrical & Electronic Engineers (IEEE) and is a guest lecturer at the University of Waterloo. Mr. Argenti holds a Masters degree in Computer Engineering from the University of Pisa, Italy. Mr. Argenti holds options to acquire up to 25,000 Common Shares at an exercise price of \$1.13 per share, 15,000 Common Shares at \$1.30 per share, 125,000 Common Shares at \$2.45 per share, 100,000 Common Shares at \$8.05 per share and \$150,000 Common Shares at \$8.00 per share, subject to vesting.
- (6) J. Efrim Boritz is a director of the Corporation and was elected to the board of directors in 1997. Since 1983, Dr. Boritz has been a professor at the School of Accounting at the University of Waterloo. Dr. Boritz is a Chartered Accountant,

Certified Information Systems Auditor and holds a Doctorate degree from the University of Minnesota and a Bachelor of Arts and a Masters of Business Administration from York University. Dr. Boritz holds options to acquire up to 20,000 Common Shares at an exercise price of \$1.25 per share, 30,000 Common Shares at a price \$3.15 per share and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.

- (7) Dwight B. Crane is a director of the Corporation and was elected to the board of directors on July 5, 1999. Since 1969, Dr. Crane has been a member of the Faculty of Finance at the Harvard Business School where he had been active in the financial institutions field for many years and has published works on a wide range of management and strategic issues. Dr. Crane has held several administrative positions at the Harvard Business School including Chairman of Finance Faculty (1978-1980), Director of Research (1984-1989), Senior Associate Dean of Faculty Development (1990-1993), Senior Associate Dean and Director of Research (1995-1997) and Senior Associate Dean of Faculty Development (1998-1999). Dr. Crane has been a consultant to a number of financial institutions and companies and is also a member of the board of directors of the Smith Barney Appreciation Fund and other mutual fund companies sponsored by Salomon Smith Barney. In 1995, Dr. Crane was appointed to the Financial Services Advisory Committee for the Commonwealth of Massachusetts. Prior to joining the Harvard Business School, Dr. Crane was an economist and Director of Operations Research at Mellon Bank in Pittsburgh. Dr. Crane is a graduate of the Massachusetts Institute of Technology and attended the University of Michigan for his Masters of Business Administration. He received his Ph.D. in economics from Carnegie Mellon University. Dr. Crane holds options to acquire up to 30,000 Common Shares at an exercise price of \$5.80 and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.
- (8) François M. de Gaspé Beaubien is a director of the Corporation and was elected to the board of directors on May 27, 1999. Since January 1, 2000, Mr. de Gaspé Beaubien has been the Co-Chief Executive Officer of Telemedia Corporation. Prior to January 1, 2000 he was the President, Publishing Division and also held the position of Executive Vice President, Business Development of Telemedia Communications Inc. since 1998, where he was responsible for the North American publication of various magazines which include Canadian Living, Coup de pouce, TV Guide, Style at Home, Homemakers and Sympatico Net Life. Prior to joining Telemedia Communications Inc., Mr. de Gaspé Beaubien was President of Québec's leading publishing company, Les Éditions Télémedia (July 1994-December 1995), Group Publisher of Telemedia Communications (U.S.A.) Inc., (1992-1994), Vice-President, Operations of Telemedia Communications (U.S.A.) Inc. (1990-1991), and Vice-President, Operations of New England Monthly Magazine (1989-1990). Mr. de Gaspé Beaubien holds a Masters of Business Administration from the Harvard Business School and a Bachelor of Arts (Honours) from Haverford College. Mr. de Gaspé Beaubien holds options to acquire up to 30,000 Common Shares at an exercise price of \$5.80 and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.
- (9) Ken Nickerson is a director of the Corporation and was elected to the board of directors in 1999. Mr. Nickerson is a founder of Ibinary Corp., a private wireless technology firm. Mr. Nickerson previously acted as General Manager of the Microsoft Network (MSN) in Canada, a wholly-owned subsidiary of Microsoft Corporation, and was responsible for all e-commerce and consumer activities in Canada (1991-1999). Prior to joining Microsoft in 1991, Mr. Nickerson worked in software engineering for several banking and insurance concerns and was the Vice President of Technology for a major Canadian communications company. Mr. Nickerson is a member of the Institute of Electrical & Electronic Engineers (IEEE) and the Association of Computer Machinery (ACM). Mr. Nickerson holds options to acquire up to 30,000 Common Shares at an exercise price of \$5.80 and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.
- (10) Donald W. Paterson is a director of the Corporation and was elected to the board of directors in 1996. Since 1989, Mr. Paterson has been the President and founder of Cavandale Corporation, a strategic corporate consulting firm that specializes in providing corporate consulting to emerging growth companies largely in the technology sector. Prior thereto, Mr. Paterson was a director and Vice-President at Wood Gundy Inc., a major Canadian investment dealer where he was principally involved in the identification and financing of emerging growth companies. Mr. Paterson holds options to acquire up to 20,000 Common Shares at an exercise price of \$6.50 per share, 40,000 Common Shares at an exercise price of \$1.25 per share, 30,000 Common Shares at an exercise price of \$3.15 per share and 31,667 Common Shares at an exercise price of \$8.00, subject to vesting.
- (11) Howard A. Pearl is the President and Chief Executive Officer of the Corporation. Mr. Pearl initially joined the Corporation's management team on April 3, 1998 as the President of PPL, Marshall Fenn and Poste Haste, previously wholly-owned subsidiaries of the Corporation, and assumed the President and Chief Executive Officer positions on November 11, 1998. Prior to joining the Corporation, Mr. Pearl established a number of growing successful business ventures in the communications and marketing fields. Mr. Pearl acquired a controlling interest in PPL in May 1993, Marshall Fenn in December 1995 and Poste Haste in July 1997. Mr. Pearl has been a guest lecturer at the Institute of Dynamic Business

Management in Geneva, and is currently a participant in the OPM Program at Harvard Business School. Mr. Pearl holds 3,231,606 Common Shares, subject to escrow, which were received directly and indirectly upon the sale of Mr. Pearl's ownership position in PPL Marketing Services Inc., Marshall Fenn Communications Inc. and Poste Haste Systems Inc. on April 6, 1998. In addition, Mr. Pearl holds options to acquire up to 140,000 Common Shares at an exercise price of \$3.50 per share, 80,000 Common Shares at an exercise price of \$0.60 per share, 250,000 at an exercise price of \$2.45 per share and 250,000 Common Shares at an exercise price of \$8.00, subject to vesting. See "Statement of Executive Compensation – Summary Compensation Table".

- (12) Dr. Steven Small is the Founder, President and CEO of Capital Partners Corporation, a merchant banking business established in 1997. Prior to that Dr. Small has over 15 years of experience in the venture capital and investment sector and has been a founding shareholder of several businesses including the Newcourt Credit Group (which merged with the CIT Group Inc in late 1999). In addition to his merchant banking career Dr. Small is Founder and senior managing partner of a large Dental Anaesthesiology practice. He obtained his Doctorate of Dental Surgery and a Degree in Anaesthesiology from the University of Toronto in 1972 where he also served as Associate Professor of Anaesthesia from 1972 to 1997.

3. Amendment of Stock Option Plan – Increase of Number of Options Available

At the Meeting, the shareholders will be asked to consider, and if thought advisable, pass a resolution amending the Stock Option Plan, to increase the maximum number of Common Shares reserved for issuance pursuant to the exercise of options granted under the Stock Option Plan by 1,750,000 Common Shares, from 6,500,000 Common Shares to 8,250,000 Common Shares, representing 19.8% of the issued and outstanding Common Shares of the Corporation on a non-diluted basis. Such amendment to the Stock Option Plan will be subject to the approval of The Toronto Stock Exchange. As at May 19, 2000, options to purchase a total of 1,065,611 Common Shares had been exercised and Options to purchase up to 4,947,555 Common Shares were reserved for issuance prior to the proposed amendment.

Purpose of Stock Option Plan and Board of Directors' Recommendations

The Stock Option Plan is intended to benefit the Corporation as it aligns the optionees interests with those of the shareholders of the Corporation. It enables the Corporation to attract and retain personnel of the highest calibre on a cost-effective basis by offering an opportunity for them to participate with shareholders in any increase in value of the Common Shares resulting from their efforts and thereby contribute to the Corporation's success. The board of directors of the Corporation has concluded that the proposed amendment to the Stock Option Plan is in the best interests of the shareholders of the Corporation.

Stock Option Plan Amendment Resolution

The rules of The Toronto Stock Exchange require that any material change to the Stock Option Plan be approved by the affirmative vote of a majority of the votes cast at the Meeting, other than votes attaching to Common Shares beneficially owned by insiders of the Corporation or their associates. To the best of the Corporation's information, as at the date hereof, insiders and their associates own 3,281,406 Common Shares of the Corporation, representing 7.9% of the issued and outstanding Common Shares of the Corporation. Accordingly, such insiders and their associates will abstain from voting, and the remaining shareholders of the Corporation will be asked to pass the ordinary resolution (the "Amendment Resolution") set out below.

“BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) Subject to obtaining all necessary regulatory approval, the stock option plan of the Corporation, as amended, be amended to increase the maximum number of common shares reserved for issuance pursuant to the exercise of stock options granted under such plan by 1,750,000 common shares from 6,500,000 common shares to 8,250,000 common shares;
- (2) Subject to regulatory approval, Section 4.1 of the stock option plan, as amended, be deleted in its entirety, and replaced with the following:

Common Shares Subject to the Stock Option Plan – Options may be granted in respect of authorized and unissued shares, provided that the aggregate number of common shares reserved for issuance upon exercise of all options granted under the stock option plan, subject to any adjustment of such number pursuant to the provisions of Article 8 of the stock option plan, shall not exceed 8,250,000 common shares or such greater number of common shares as may be determined by the board of directors and approved by any relevant stock exchange or other regulatory authority and, if required, by the shareholders of the Corporation, from time to time. Common shares reserved for issuance under the stock option plan in respect of which options have been granted but not exercised shall be available for options to be granted subsequent to the expiry and/or termination of the original options in respect of such common shares. No fractional common shares may be purchased or issued under the stock option plan;

- (3) Any one director or officer of the Corporation be and is hereby authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing”.

In order to be effective, this amendment to the Stock Option Plan must be approved by a majority of the votes cast at the Meeting, other than votes attaching to Common Shares beneficially owned by insiders of the Corporation and their associates. The board of directors recommends that shareholders vote in favour of the Amendment Resolution. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the approval of the Amendment Resolution.**

4. Change of Municipal Address of Corporation

The Corporation has proposed, subject to shareholder approval, to authorize the board of directors to change the municipality in which its registered office is located, effective September 1, 2000, from 6050 Tomken Road, Mississauga, Ontario, L5T 1X8 to 150 Ferrand Drive, Toronto, Ontario M3L 3E5. Section 14(4) of the *Business Corporations Act* (Ontario) provides that a corporation may by special resolution passed by a two-thirds majority of its shareholders change the municipality or geographic township in which its registered office is located to another place in Ontario.

Purpose of Change of Municipal Address of Corporation

As a result of the recent consolidation of the Corporation's operations, the board of directors considers it advisable to move the registered office to the City of Toronto. The board of directors of the Corporation has concluded that the proposed change of municipal address of the Corporation is in the best interests of the shareholders of the Corporation. Accordingly, the board of directors of the Corporation recommend that the shareholders entitled to vote on this change of municipal address of the Corporation (the "Address Resolution") vote in favour of such change.

Resolution for Change of Municipal Address of Corporation

Section 14(4) of the *Business Corporations Act* (Ontario) provides that a corporation may change the municipality or geographic township in which its registered office is located to another place in Ontario by the affirmative vote of a two-thirds of the votes cast at the Meeting. The form of resolution respecting the change of address is as follows:

"BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:

- (1) The municipality in which the registered office of the Corporation is situate is hereby changed to the City of Metropolitan Toronto in the Province of Ontario from the City of Mississauga, Regional Municipality of Peel, in the Province of Ontario.
- (2) Any one director or officer of the Corporation be and is hereby authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing."

The board of directors recommends that shareholders vote in favour of the Address Resolution. **Unless otherwise directed the persons named in the enclosed form of proxy intend to vote in favour of the Address Resolution.**

5. Stated Capital Reduction

As at February 29, 2000, the stated capital of the Corporation was equal to \$105,497,595 (\$30,390,852 as of February 28, 1999) whereas the Corporation's shareholders equity account reflected a deficit of \$22,887,942. As the stated capital significantly exceeds the deficit in the shareholders equity account, the board of directors believes that it is appropriate for the amount of the deficit be reduced by \$22,887,942 in order to more accurately reflect the true value of the Corporation's stated capital account. This adjustment is for accounting purposes only and does not require the expenditure of funds by the Corporation.

Purpose of Stated Capital Reduction

In order to meaningfully reflect the future financial results of the Corporation, it is proposed that the shareholders equity account for the Common Shares of the Corporation be reduced by \$22,887,942. The effect of such reduction is that the stated capital account shall be reduced by \$22,887,942 to become \$82,609,653 as of February 29, 2000 and the shareholders equity deficit will be eliminated. In accordance with section 34 of the *Business Corporations Act* (Ontario), in order to be effective, the resolution authorizing the reduction to the Corporation's stated capital (the "Stated Capital Reduction Resolution") must be approved by the affirmative vote of 66-2/3 percent of the votes cast in respect thereof at the Meeting. If the stated Capital Reduction Resolution is not approved, the Corporation will continue with its present stated capital amount. The board of directors has concluded that a reduction of the Corporation's stated capital is in the best interests of the shareholders of the Corporation.

The form of Stated Capital Reduction Resolution is as follows:

"BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:

- (1) The Corporation be and is hereby authorized and directed to reduce its stated capital by \$22,887,942 or by such other amount as may be acceptable to the auditors of the Corporation in accordance with section 34 of the *Business Corporations Act* (Ontario).
- (2) Any one director or officer of the Corporation be and is hereby authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing.

The board of directors recommends that shareholders vote in favour of the Stated Capital Reduction Resolution. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the Stated Capital Reduction Resolution.**

FINANCIAL STATEMENTS

A copy of the Corporation's financial statements and the auditors' report for the year ended February 29, 2000 are included with this Circular and will be presented at the Meeting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Disclosure concerning the Corporation’s corporate governance policies and practices is set out in Schedule “A” to this Circular. This disclosure statement has been approved by the board of directors of the Corporation.

PERFORMANCE GRAPH

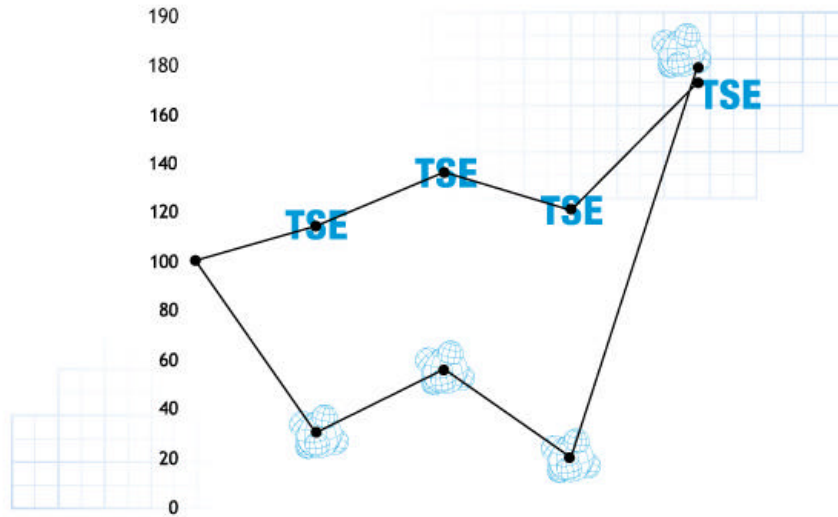
The following graph shows the yearly percentage change in the cumulative shareholder return on the common shares, which shares are listed on the TSE, compared to the cumulative total return on the TSE 300 Index for the past three fiscal years assuming \$100 investments on September 12, 1996, being the date the Corporation became a public entity.

Three year cumulative total return on \$100 investment September 12, 1996 to February 29, 2000

TSE -TSE 300



-MICROFORUM INC. COMMON SHARES



	September 12, 1996	February 28, 1997	February 28, 1998	February 28, 1999	February 28, 2000
TSE 300	100	117	135	120	173
Microforum Inc. Common Shares	100	31	55	20	180

**

GENERAL

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

DIRECTORS' APPROVAL

The contents of this Circular and the delivery thereof to the shareholders has been approved by the board of directors of the Corporation. This Circular contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) David R. Peterson, P.C., Q.C.
Chairman of the Board

Toronto, Ontario
May 19, 2000

SCHEDULE “A”

MICROFORUM INC. ALIGNMENT WITH CORPORATE GOVERNANCE GUIDELINES

Corporate Governance Guidelines

1. *The board of directors should explicitly assume responsibility for stewardship of the corporation, and specifically for:*

- (a) *adoption of a strategic planning process*

The board of directors of the Corporation (the “Board”) provides input and guidance on and reviews and approves the strategic planning and business objectives developed by senior management of the Corporation and oversees management’s implementation of the strategic plan.

- (b) *identification of principal risks, and implementing risk-management systems*

The Board considers on an ongoing basis the principal risks of the Corporation’s businesses based on regular business reports prepared by the Corporation’s senior management. In addition, the Audit Committee by its review of the activities and findings of the Corporation’s external auditors is aware of the principal risks to the Corporation’s businesses and reports thereon to the Board on a regular basis.

- (c) *succession planning and monitoring senior management*

The Board is responsible for the assessment of the performance of, and the development of a succession plan for, the Chief Executive Officer of the Corporation, who is in turn charged with those same responsibilities for the balance of the Corporation’s senior management team.

- (d) *communications policy*

The Board is committed to maintaining an effective communications policy for the benefit of all shareholders and has adopted a written disclosure policy for the Corporation. In addition to its timely and continuous disclosure obligations under applicable law, the Corporation ensures that senior management is available to respond to questions and comments from shareholders. With the approval of the Board, management has a designee of the Corporation, as the principal individual responsible for receiving shareholder inquiries and dealing with shareholders’ concerns. Such designee is available to respond to shareholder questions and comments, and endeavours to respond promptly and appropriately to all requests and/or inquiries. If material business issues result from communications between shareholders and senior management, it is the policy of the Corporation that such matters be reported to the Board.

(e) *integrity of internal control and management information systems*

The Audit Committee reviews with management and the Corporation's external auditors the ongoing sufficiency and integrity of the Corporation's internal control, financial reporting and management information systems.

2. *The board of directors of every corporation should be constituted with a majority of individuals who qualify as "unrelated" directors. For the purposes of The Toronto Stock Exchange's Corporate Governance Guidelines, an "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding.*

The current Board consists of six (6) unrelated directors and one (1) related director (including one (1) management director, namely the President and Chief Executive Officer. It is currently proposed that the Board consist of seven (7) unrelated directors and two (2) related directors (including two (2) management directors, namely the Chief Executive Officer and Chief Technology Officer).

3. *Disclose for each director whether he or she is related to the corporation or any significant shareholder of the corporation, and how that conclusion was reached.*

The Board reviews the factual circumstances and relevant relationships of each of the directors. Two (2) of the directors proposed to be appointed, Messrs. Pearl and Argenti, are members of management of the Corporation and are therefore considered to be "related". The remaining proposed members of the Board, Messrs. Peterson, de Gaspé Beaubien, Boritz, Crane, Nickerson, Paterson and Small are considered "unrelated" to the Corporation.

The Corporation does not have a "significant shareholder", which The Toronto Stock Exchange Report defines as a "shareholder with the ability to exercise a majority of the votes for the election of the board of directors".

4. *Appoint a committee comprised exclusively of non-management directors, a majority of whom are unrelated directors, responsible for proposing new nominees to the Board and for assessing directors on an ongoing basis.*

The mandate of the Chairman of the Board includes reviewing the performance of the Board and each of its committees and recruitment and nomination of new directors to the Board.

The Corporation proposes to create a Corporate Governance and Nominating Committee to be composed exclusively of non-management directors, a majority of whom are unrelated.

5. *Implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.*

The Chairman of the Board together with the Chief Executive Officer annually reviews the membership and chairs of the Board committees, as well as the mandates and activities of each committees, and make such recommendations to the Board arising out of such review as each committee deems appropriate.

6. *Provide an orientation and education program for new recruits to the board.*

The Corporation currently has an informal orientation program for new members of the Board. The Board regularly invites senior operating management to attend at Board meetings to report on their respective business unit activities, and Board meetings are periodically organized to include tours of the Corporation's facilities which permits the Board to participate in a detailed first hand review of the Corporation's activities. In addition, there are periodic social events organized by the Corporation where the Board can interact with senior management.

7. *Examine the size of the board of directors with a view to determining the impact of the number of directors upon effectiveness.*

As of the date of this Management Information Circular, the Board is composed of seven (7) members. The Board has reviewed its size and has concluded that the number of directors of the Corporation is efficient and effective, given the size and scope of the Corporation's operations. In addition, a seven (7) member board falls within the range suggested by The Toronto Stock Exchange Report. Notwithstanding the foregoing, nine (9) members are being proposed for election at the annual meeting of shareholders due to the increased size and scope of the Corporation's activities. The mandate of the Chairman of the Board together with the Chief Executive Officer includes the consideration of size and composition of the Board.

8. *Review the adequacy and form of the compensation of directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director.*

The Chairman of the Board together with the Chief Executive Officer reviews and approves the design and administration of all compensation and benefit plans and policies for the Corporation's Board. The Compensation Committee reviews and approves the design and administration of all compensation and benefit plans and policies for the Corporation's senior management. Management periodically provides surveys of the marketplace and reports on its consultations with experts to the Compensation Committee. Directors' compensation is fixed by the Chairman of the Board together with the Chief Executive Officer in consultation with the Board at competitive levels with due consideration to the periodic changes in the levels of responsibility assigned to members of the Board. Directors are encouraged to receive their annual compensation in shares pursuant to the Outside Directors' Share Plan, which was approved by the Corporation's shareholders and The Toronto Stock Exchange, to receive shares as compensation for services rendered. As at the date

hereof, all of the non-management directors have elected to receive Common Shares as compensation for services to be rendered for the fiscal year 2001.

9. *Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors.*

Each of the Audit Committee, Compensation Committee and Acquisition Committee is comprised exclusively of non-management or “outside” directors.

10. *Each board should assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation’s approach to governance issues.*

The Chairman of the Board, in consultation with the Corporation's General Counsel and its external professional intermediaries, is responsible for the Corporation's general corporate governance, which includes but is not limited to, reviewing the Corporation’s approach to corporate governance issues and monitoring compliance with Corporation’s stated corporate governance policies.

11. *Position descriptions should be developed for both the board and for the Chief Executive Officer, involving the definition of the limits to management’s responsibilities.*

The Board has responsibility for the stewardship of the Corporation and specifically for: (i) providing input and guidance on and approving the strategic plan and business objectives developed by senior management and overseeing management’s implementation of the strategic plan; (ii) considering the principal risks of the business based on regular business reports prepared by senior management and based on the Audit Committee’s review of the findings of the external auditors; (iii) assessing the performance of, and developing a succession plan for, the Chief Executive Officer; and (iv) reviewing the ongoing sufficiency and integrity of the Corporation’s internal control, financial reporting and management information systems with management and the Corporation’s external auditors. In addition to the specific responsibilities enumerated above, the Board is responsible for the supervision of management of the business but not the day-to-day operations which are the responsibility of the Chief Executive Officer. The Board will also consider those matters that are brought to it by the Chief Executive Officer that, as noted below, are deemed to be material matters.

The Chief Executive Officer is specifically charged with the responsibility for managing the strategic and operational agenda of the Corporation and for the execution of the directives and policies of the Board. The roles and responsibilities of the Chief Executive Officer include, among other things:

- (i) developing, together with the Board, the Corporation’s strategic direction and monitoring same;
- (ii) directing the overall business operations of the Corporation;

- (iii) ensuring that the Board is kept appropriately informed of the overall business operations of the Corporation and major issues facing the Corporation;
- (iv) having ultimate accountability for the development and execution of the strategy and policies of the Corporation and their communication to the Corporation's key internal and external shareholders;
- (v) having responsibility for the day-to-day operations of the Corporation, including the annual planning process, capital management, financial management, acquisitions, divestitures, etc., all of which must be accomplished within the strategic framework of the Corporation established by the Board;
- (vi) having the responsibility for the employment, compensation, job descriptions, performance assessment, leadership development and succession planning of human resources;
- (vii) representing the Corporation to its major shareholders, including investment and financial communities, governments, customers and the public;
- (viii) bringing the following material decisions to the Board for their review and approval:
 - (A) disposition of assets or cancellation of debt other than in the ordinary and normal course of business;
 - (B) acquisition or initiation of a new business or undertaking or the assumption of any commitment, obligation or liability other than in the ordinary and normal course of business;
 - (C) issuance or sale of securities of the Corporation or rights, options or warrants to acquire securities of the Corporation;
 - (D) redemption or repurchase of securities of the Corporation;
 - (E) declaration or payment of a dividend or other distribution in respect of any securities of the Corporation;
 - (F) any transaction, contract, agreement, undertaking or arrangement with a person with whom the Corporation does not act at arm's length; and
 - (G) any other transaction, contract, agreement, undertaking, commitment or arrangement, not in the ordinary and normal course of business which is or would be material in relation to the Corporation; and
- (ix) presenting to the Board any material business issues resulting from communications with shareholders.

The Chairman of the Board assumes the following role and responsibilities:

- (i) managing the affairs of the Board and, together with the Chief Executive Officer, monitoring its effectiveness;
- (ii) managing meetings of the Board by ensuring that meaningful agendas are prepared and guiding the deliberations of the Board so that appropriate strategic and policy decisions are made;
- (iii) setting the agenda for meetings of the Board and ensuring that all matters of strategic importance are being dealt with at the Board level during the course of the year; and
- (iv) participating with the Chief Executive Officer in consultation with other members of the Board in the selection of candidates to be submitted to the Board for appointment as new directors.

12. *Establish procedures to enable the board to function independently of management.*

The Board's non-management or "outside" directors have unrestricted, direct access to both management and the external auditors of the Corporation. The Chairman of the Board is an "outside" director and it is his role to continuously monitor the relationship between management and the Board.

13. *Establish an audit committee composed only of outside directors with a specifically defined mandate.*

The Audit Committee has primary responsibility for ensuring the integrity of the Corporation's financial reporting, risk management and internal controls. The committee has unrestricted access to the Corporation's personnel and documents and has direct communication channels with the Corporation's external auditors in order to discuss audit and related matters whenever appropriate. The Audit Committee receives and reviews the annual financial statements of the Corporation and makes recommendations thereon to the Board prior to their approval by the full Board. The Audit Committee also reviews the scope and planning of the external audit, the form of audit report and any correspondence from or comments by the external auditors regarding financial reporting and internal controls. In addition, the Audit Committee meets with the external auditors quarterly to discuss and receive the quarterly interim financial statements. The Audit Committee is responsible for correcting weaknesses identified by the external auditors with respect to the internal control systems and for ensuring that the recommended corrections had been implemented.

The composition of the Audit Committee is described above.

14. *Implement a system to enable individual directors to engage an outside advisor at the expense of the corporation in appropriate circumstances*

In appropriate circumstances, the Board will approve the engagement of an outside advisor at the expense of the Corporation. During the prior year, outside advisors were

retained by the Compensation Committee of the Board to assist with the development of a compensation incentive framework for the Corporation.