

NSTEIN TECHNOLOGIES INC.



AMENDMENT TO THE
MANAGEMENT PROXY CIRCULAR DATED APRIL 20, 2006

This Amendment to the Management Proxy Circular dated April 20, 2006 (the “Circular”) is sent in connection with the solicitation by the management of Nstein Technologies Inc. (the “Company”) of proxies to be used at the Annual General and Special Meeting of Shareholders of the Company (the “Meeting”) to be held on May 23, 2006, at the time, place and for the purposes set forth in the enclosed New Notice of Annual General Meeting and at any adjournment thereof.

The Circular is amended by the addition of a matter to the agenda of the Meeting (hereinafter the “Agenda”) (see item “BUSINESS AT THE MEETING” at page 3 of the Circular). This new matter entitled “Approval of the repricing of the October 12, 2005 convertible notes” becomes the new 7th matter of the Agenda. In consequence, current 7th matter entitled “Other Matters” becomes the 8th matter of the Agenda.

ADDITION TO “BUSINESS AT THE MEETING”

7. Approval of the repricing of the October 12, 2005 convertible notes

On October 12, 2005, the Company has announced by way of press release that it had signed the same day with certain institutional investors a securities purchase agreement which provided for a private placement of \$4.1 million of senior secured convertible notes convertible into common shares and warrants (the “October 12, 2005 Financing”). The October 12, 2005 Financing, approved by the TSX Venture Exchange in its bulletin dated November 15, 2005, provided among other things that the conversion price of the convertible notes was subject to adjustment in certain circumstances and that in no circumstances the Company could issue more than 35,450,775 common shares under the convertible notes.

In conjunction with the projected CAN \$10 million private placement announced by the Company by way of press release dated May 1st, 2006, the Company will issue approximately 117.6 million shares at a subscription price of \$0.085 per share. Within the framework of this financing, it is foreseen that there will be a restructuring of certain of the conditions of the debt by convertible notes issued at the October 12, 2005 Financing. The main amendment relates to the release of most security and restrictive covenants by the holders of the convertible notes in exchange of which they will see the conversion price modified. This conversion price, initially \$0.14, will be adjusted to \$0.085 per common share, reflecting the new \$10 million financing’s price per unit.

Should all convertible notes outstanding as of May 1st, 2006 be converted, 46.5 million shares of the Company would then be issued to the holders of the October 12, 2005 convertible notes. This debt restructuring is subject to the same customary closing conditions as the \$10 million financing, as well as to final authorizations from the notes’ holders and regulatory authorities.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass by a majority of the votes casted the following ordinary resolution, which the Board of Directors recommends the adoption:

“RESOLVED:

1. THAT the repricing of the October 12, 2005 convertible notes from \$0.14 to \$0.085, be and it is hereby approved; and
2. THAT the Board of Directors be and it is hereby authorized to do all things to give effect to this resolution.”

If no contrary instructions are given, the persons named in the enclosed form of proxy intend to vote FOR the approval of the repricing of the October 12, 2005 convertible notes.

APPROVAL OF THE AMENDMENT TO THE CIRCULAR

The contents and sending of this Amendment to the Circular have been approved by the Board of Directors of the Company.

Montreal, Quebec, Canada, May 1st, 2006.

Stéphanie Benoit
Legal Counsel and Corporate Secretary