

NSTEIN TECHNOLOGIES INC.



MANAGEMENT PROXY CIRCULAR

Except as otherwise indicated, the information contained herein is given as of April 20, 2006, and all dollar amounts set forth herein are expressed in Canadian dollars.

SOLICITATION OF PROXIES

This Management Proxy Circular (the “Circular”) is issued 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 Notice of Annual General and Special Meeting (the “Notice of Meeting”) and at any adjournment thereof.

The solicitation is being made primarily by mail, but proxies may also be solicited by telephone, fax or other personal contact by officers or other employees of the Company. The entire cost of the solicitation will be borne by the Company.

APPOINTMENT OF PROXIES

The persons named as proxyholders in the enclosed form of proxy are directors and officers of the Company. **A shareholder is entitled to appoint any other person, who need not be a shareholder, to represent him or her at the Meeting.** In order to appoint such other person, the shareholder must strike out the names printed on the form of proxy and insert such other person’s name in the blank space provided thereon or duly complete another form of proxy. In all cases, the completed form of proxy shall be delivered to the transfer agent and registrar of the Company, CIBC Mellon Trust Company (“**CIBC Mellon**”), 2001 University Street, Suite 1600, Montreal, Quebec, Canada H3A 2A6, no later than 5:00 p.m. on the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used.

REVOCAION OF PROXIES

A shareholder who executes and returns the accompanying form of proxy may revoke the same (a) by instrument in writing executed by the shareholder, or by his agent authorized in writing, and deposited either (i) at the place of business of the Company, to the attention of the Corporate Secretary of the Company, 75 Queen Street, Suite 4400, Montreal, Quebec, Canada H3C 2N6, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof or (b) in any other manner permitted by law. If the shareholder is a corporation, any such instrument of revocation shall be executed by a duly authorized officer or agent thereof.

INSTRUCTIONS TO BENEFICIAL OWNERS

An appreciable number of shareholders, designated “**beneficial owners**”, own shares of the Company through a representative such as a transfer agent, a securities broker or a financial institution (“**Representative**”) *rather than in their own name*. Beneficial owners must take note that only proxies of holders of record of Shares of the Company may be admitted and exercised at the Meeting. Unless he or she has waived his or her right to receive the material pertaining to the Meeting, the beneficial owner will receive by mail from its Representative (or an intermediary such as ADP Investor Communications) this Circular together with the proxy form or a request for voting instructions. Beneficial owners who received this Circular in a mailing from their Representative must adhere to the voting instructions provided to them by their Representative. Beneficial owners must carefully follow the instructions received from their Representative to ensure their voting shares are voted. If no instructions are given, the shares will not be voted. Beneficial owners must seek instructions from their Representative as to how to complete their form of proxy or voting instruction form if they wish to vote their shares themselves. CIBC Mellon may not have a complete record of the names of the Company’s beneficial owners (as the Representatives are registered for them); CIBC Mellon may not have knowledge of a Beneficial owner’s right to vote, unless the Representative has appointed the Beneficial owner as proxyholder. Beneficial owners who wish to vote in person (or delegate someone for them) at the Meeting must strike out the names of the persons written on the proxy form and

insert their own name (or the name of the person of their choice) in the space provided on the form of proxy or voting instruction form, and adhere to the signing and return instructions provided by their Representative. By doing so, beneficial owners are instructing their Representative to appoint them (or the person of their choice) as proxyholder.

VOTE AT THE MEETING – VOTE BY THE PROXIES

The persons named in the enclosed form of proxy will, on a show of hands or on any ballot that may be called for, vote the shares in respect of which they are appointed as proxies in accordance with the instructions of the shareholders appointing them. **If no instructions are given, the persons named in the form of proxy will vote (i) FOR the election of management’s nominees as directors; (ii) FOR the appointment of PricewaterhouseCoopers LLP as auditors; and (iii) FOR the adoption of the resolution approving the share purchase plan for the benefit of the Company’s employees; (iv) FOR the ratification of Special By-law 2006-1 which modifies the share-capital of the Company; and (v) FOR the ratification of Special By-law 2006-2 which authorizes the consolidation of the Company’s issued and outstanding common shares.**

EXERCISE OF DISCRETION BY PROXIES

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 business which may properly come before the Meeting or any adjournment thereof. As of the date hereof, management of the Company knows of no such amendment, variation or other business to come before the Meeting. If any such amendment, variation or other business properly comes before the Meeting or any adjournment thereof, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The share capital of the Company is constituted of an unlimited number of common shares and preferred shares without par value. As at the date hereof, there were 188,612,660 common shares of the Company issued and outstanding (the “**Shares**”) and there were no preferred shares issued and outstanding. Each Share confers on the holder thereof one (1) vote on a ballot. Only holders of record of Shares of the Company at the close of business on April 17, 2006 (the “**Record Date**”), will be entitled to receive the accompanying Notice of Meeting. They will also have the right to vote at the Meeting and at any adjournment thereof if they are present or represented by proxy.

To the knowledge of the directors and officers of the Company as at the date hereof, the only persons exercising control or direction over more than 10% of the voting securities were the following:

Name	Number of Shares	Percentage of Shares
Gespro Technologies Inc. ⁽¹⁾	18,950,425	10.05%
Fonds de solidarité des travailleurs du Québec (F.T.Q.) ⁽²⁾	48,571,429	25.75%
Mario Girard ⁽³⁾	5,846,782	3.10%

(1) Directly or indirectly through Gestion G6 Inc., its wholly owned subsidiary. The controlling shareholder of Gespro Technologies Inc. is 2973-7970 Québec Inc., which in turn is controlled by Mario Girard and Bernard Verreault.

(2) The Fonds de solidarité des travailleurs du Québec (F.T.Q.) also owns 21.56% of the voting shares of Gespro Technologies Inc., the significant shareholder mentioned above.

(3) 5,149,999 Shares of the Company held by Les Consultants Net Création inc. (“Net Creation”) are governed by agreements entered into between Net Creation, certain officers of the Company and a trust. According to such agreements, the voting rights attached to these Shares as well as the voting rights attached to the 431,504 Shares held by that trust are exercised by Mario Girard. In addition, Mario Girard holds 265,279 Shares directly.

BUSINESS AT THE MEETING

1. Presentation of Financial Statements

The Management's report, the consolidated financial statements and the auditors' report thereon, for the year ended December 31, 2005, included in the Company's annual report which is being sent principally by mail to the shareholders with the Notice of Meeting and this Circular, will be submitted to the shareholders at the Meeting, but no vote with respect thereto is required nor will be taken.

2. Election of Directors

The articles of the Company provide that the Board of Directors of the Company (the "Board") is to consist of not less than one (1) and not more than fifteen (15) directors, the exact number being determined from time to time by the directors of the Company. The Board has fixed the number of directors at eight (8) for the coming year. The management of the Company recommends that the Board be composed of the persons presented at item "NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS" on page 5 of this Circular. **Unless otherwise instructed, the persons named in the enclosed proxy form will vote FOR the election of the nominees.**

The directors are elected annually by the shareholders and remain in office until the following annual shareholders' meeting, unless he or she resigns or his or her office becomes vacant as a result of death, removal or any other cause. **The management of the Company does not anticipate that any of the nominees will be unable or for any reason unwilling to serve as a director, but if such a case were to arise for any reason prior to the election, the persons named in the enclosed form of proxy reserve the right to vote for another nominee of their choice, unless the shareholder indicates in the proxy form that the shares should be withheld from voting on the election of directors.**

3. Appointment of Auditors

PricewaterhouseCoopers LLP, Chartered Accountants, have served as auditors of the Company since June 13, 2000. **Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the reappointment of PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the close of the next annual meeting of shareholders at such remuneration as may be fixed by the directors.**

4. Approval of the Employee Share Purchase Plan

The Company has established a draft share purchase plan for its employees and those of its subsidiaries (the "Plan") according to which participants may subscribe to Shares of the Company as a form of recognition and to promote an interest in the Company among its employees. The basic terms of the Plan are as follows:

- (i) Participants who are eligible for the Plan are full-time employees of the Company and its subsidiaries; expressly excluded are members of senior management and directors; participants join the Plan on a voluntary basis;
- (ii) The total number of Common Shares that may be issued under the Plan may not exceed 9,453,633, which represents approximately five percent (5%) of the Company's issued and outstanding common shares as at the day of the Meeting. The Company estimates that it will issue approximately 460,000 shares from the treasury by April 30, 2006 pursuant to its contractual agreements, thus bringing the number of issued and outstanding common shares to around 189,062,660 on the day of the Meeting;
- (iii) Participants may invest up to eight percent (8%) of their annual base salary, for at most \$3,000, and the Company's contribution will match the participant's investment;
- (iv) Shares will be issued in favor of participants on a monthly basis, the 1st trading day of the month, at a price equal to the weighted average price for the last five (5) days of trading;
- (v) The Plan will come into force on the effective date fixed by the Board, subject to approval by the shareholders and the TSX Venture Exchange;
- (vi) When the participant no longer meets the eligibility requirements and in the event of death, retirement and termination of employment, his or her participation to the plan automatically ceases.

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:

"RESOLVED THAT the Company's employees share purchase plan, which is outlined in the Management Proxy Circular dated April 20, 2006, be and it is hereby approved."

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the adoption of the resolution approving the share purchase plan for the benefit the Company's employees.

5. Confirmation of Special By-law 2006-1 modifying the Company's share capital

The management of the Company considers that certain amendments to the articles of the Company are necessary to allow the Company to ensure its growth and financing. Accordingly, the shareholders will be invited to confirm Special By-law 2006-1 modifying the Company's share capital adopted by the Board on April 20, 2006, a copy of which is attached hereto as **Schedule A** to this Circular. The articles of amendment dated May 30, 2001 will be modified so that the rights, privileges, conditions and restrictions pertaining to the preferred shares issuable in series, as set forth in Schedule 1 to the articles of amendment dated May 30, 2001 will be modified by paragraph 1.11 set forth in Schedule 1 to the articles of amendment to file with the Registraire des entreprises, a copy of which is attached hereto as **Schedule B**. The modification of the articles of the Company is subject to the approval of the TSX Venture Exchange pursuant to its policies. On April 20, 2006, the Company has no preferred shares issued and outstanding.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass by two-thirds ($\frac{2}{3}$) of the votes casted the following special resolution:

"RESOLVED THAT Special By-law 2006-1 modifying the Company's share capital adopted by the Board of Directors on April 20, 2006, which modifies the share capital of the Company, be and it is hereby confirmed."

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the confirmation of Special By-law 2006-1 modifying the Company's share capital.

6. Confirmation of Special By-law 2006-2 authorizing the consolidation of the Company's issued and outstanding common shares

On April 20, 2006, the Company has 188,612,660 common shares issued and outstanding (the "**Shares**"). The management of the Company considers that, without share consolidation, it may be more difficult for the company to realize future financings. Accordingly, the shareholders will be asked to confirm Special By-law 2006-2 authorizing the consolidation of the Company's issued and outstanding common shares adopted by the Board on April 20, 2006, a copy of which is attached as **Schedule C** hereto which authorizes, if the Board deems advisable, the consolidation of all issued and outstanding common shares, no later than 12 months from the date of this Circular. The determination of the basis for the consolidation will be at the discretion of the Board, up to a maximum of ten (10) common shares prior to consolidation per each (1) common share issued and outstanding following consolidation. The Company will redeem all fractions resulting therefrom, pursuant to the conditions set forth by Board upon consolidation, but at a purchase price representing the weighted average of the twenty (20) trading days preceding the effective date of the consolidation. The Company will send letters of transmittal to Shareholders for use in transmitting their share certificates to the Corporation's registrar and transfer agent, CIBC Mellon, in exchange for new certificates representing the number of Shares to which such Shareholder will be entitled as a result of the Share Consolidation. No delivery of a new certificate to a Shareholder will be made until the Shareholder has surrendered their current issued certificates. Until surrendered, each Share certificate formally representing old Shares shall be deemed for all purposes to represent the number of new Shares to which the holder is entitled as a result of Share Consolidation. Consolidation is subject to the approval of the TSX Venture Exchange pursuant to its policies.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass by two-thirds ($\frac{2}{3}$) of the votes casted the following special resolution:

"RESOLVED THAT Special By-law 2006-2 authorizing the consolidation of the Company's issued and outstanding common shares adopted by the Board of Directors on April 20, 2006, which authorizes the consolidation of the Company's issued and outstanding common shares, be and it is hereby confirmed."

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the confirmation of Special By-law 2006-2 authorizing the consolidation of the Company's issued and outstanding common shares.

7. Other Matters

The management of the Company presently knows of no matters to come before the Meeting other than those identified in the Notice. If any matters which are not known should properly come before the Meeting, the form of proxy confers discretionary authority on the proxyholders who will vote on such matters according to their best judgment.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Current directors Rainer Busch, Richard Drouin, Pierre Ducros, Marc Dutil and Mario Girard were appointed by the shareholders on May 9, 2005; only Pierre Ducros will not seek re-election as director at the Meeting on May 23, 2006. In accordance with a subscription agreement between the Company and Fonds de solidarité des travailleurs du Québec (F.T.Q.) (hereinafter referred to as the “FSTQ”) dated March 5, 2002, the latter has the power to appoint two (2) representatives to the Company’s Board. The FSTQ wishes to appoint Jean Bédard and Nancy Goudreau as its representatives on the Company’s Board, The following table presents the eight (8) nominees to the Board for the period starting May 23, 2006.

Name and Municipality of Residence	Director Since	Principal Occupation	Property ⁽¹⁾		
			Number of Shares ⁽²⁾ (Percentage)	Number of Stock Options	DSU ⁽³⁾
BARAKETT, Robert Kirkland, Quebec	— ⁽⁴⁾	Executive Vice President and Chief Financial Officer Nstein Technologies Inc.	— —	2,500,000	—
BÉDARD, Jean Westmount, Quebec	—	Investment Director, Information Technologies and Telecommunications Fonds de solidarité des travailleurs du Québec (F.T.Q.)	— —	—	105,340 ⁽⁵⁾
BUSCH, Rainer ⁽⁶⁾⁽⁷⁾⁽⁸⁾ Geneva, Switzerland	May 9, 2005	Managing Partner Mercury Partners	10,592,593 ⁽⁹⁾ (5.62%)	—	79,206
DROUIN, Richard ⁽⁶⁾⁽⁷⁾⁽⁸⁾ Quebec, Quebec	June 13, 2000	Corporate Director	358,203 ⁽¹⁰⁾ (0.19%)	247,000	283,402
DUTIL, Marc ⁽⁶⁾⁽⁷⁾⁽⁸⁾ Saint-Georges, Quebec	June 13, 2000	President and Chief Operating Officer Canam Group Inc.	9,590 (0.005%)	201,000	286,180
GOUDREAU, Nancy Montreal, Quebec	—	Senior Investment Advisor, Information Technologies and Telecommunications Fonds de solidarité des travailleurs du Québec (F.T.Q.)	— —	—	105,340 ⁽⁵⁾
GIRARD, Mario Saint-Nicolas, Quebec	June 13, 2000	Chairman of the Board and Chief Executive Officer Nstein Technologies Inc.	24 797 207 ⁽¹¹⁾ (13.15%)	3,381,806	—
PROULX, Laurent Lorraine, Quebec	—	Senior Vice President and Chief Technology Officer Nstein Technologies Inc.	2,493,219 (1.32%)	1,369,451	—

- (1) The nominees have personally provided the information relating to the shares over which they exercise control or direction, as well as the number of share purchase options and deferred shares they hold.
- (2) Number and percentage of Shares over which control or direction is exercised.
- (3) Number of deferred share units (“DSU”) awarded under the deferred share units plan, detailed on page 7 of this Circular under item “DIRECTORS’ COMPENSATION”.
- (4) Robert Barakett served as director of the Company from May 9, 2002 to September 9, 2004 as designated representative of FSTQ while he was Investment Director for the FSTQ.
- (5) This number of DSU represents the total compensation paid directly to FSTQ for the directors’ services rendered by various FSTQ designated representatives since March 5, 2002.
- (6) Current member of the Audit Committee.
- (7) Current member of the Human Resources Committee.
- (8) Current member of the Corporate Governance and Nominations Committee.
- (9) Shares held by Keystone Private Equity Investments Limited, an investment fund of which Mercury Partners, a corporation controlled by Rainer Busch, owns 50% of the voting shares.
- (10) Of these Shares of the Company, 150,823 are held by Ulric Inc., a corporation controlled by Richard Drouin.
- (11) Of these Shares of the Company, 18,950,425 are held by Gespro Technologies Inc., a company controlled directly or indirectly by Messrs. Mario Girard and Bernard Verreault, such control or direction being jointly exercised over the same common shares. In addition, Mario Girard directly holds 265,279 Shares of the Company and exercises control or direction over 5,581,503 additional Shares of the Company.

Nominees’ biographies

Robert Barakett

Robert Barakett is Executive Vice-President and Chief Financial Officer of Nstein Technologies Inc. He has successfully

managed multiple complex transactions involving mergers, acquisitions and corporate financing. His last position was with CDP Capital as Investment Director. He previously acted as Investment Director for FSTQ where he managed a team of venture capital professionals. He has also held the position of Director of Finance and Treasury for Saputo Inc. (food), where he was instrumental in the initiation, negotiation, and execution of various M&A and financing deals. Prior to this, Robert Barakett held corporate banking positions for 8 years. Mr. Barakett has served on the boards of various companies including Nstein's board from 2002 to 2004.

Jean Bédard

Jean Bédard has been Investment Director, Information Technologies and Telecommunications at FSTQ since 2005. Previously, he worked as a finance and acquisition consultant. He was also Vice President of Telecommunications at Desjardins Venture Capital (financial services), a subsidiary of the Mouvement des Caisses Desjardins, for more than seven years. He has actively participated in many investment projects, including Miranda Technologies Inc. (communications and media), as a member of the board of directors. Before his employment with Desjardins, he worked on establishing the technologies financing group for the National Bank of Canada (banking). His career began at Shell Canada (oil) in various management and technical positions.

Rainer Busch

Rainer Busch is the founder and managing partner of Mercury Partners, a Swiss based private equity investments firm. He was the partner responsible for European private equity investing (buyout) with Fay Richwhite. He was a partner with Value Management Group (venture capital). He was a manager with McKinsey & Co. (strategic consulting) in Europe and the U.S. He started his career leading R&D projects and is the author of three patents.

Richard Drouin

Richard Drouin is Chairman of the Board of Abitibi Consolidated. He is also Chairman of the Board of the North American Electric Reliability Council (NERC). He is a former Chairman and Chief Executive Officer of Hydro-Québec (1988 to 1995). Mr. Drouin is also a director of American Superconductor Corporation (Boston). He is Chairman of the Board of Trustees of Université Laval and a Fellow of the Royal Canadian Geographical Society. Mr. Drouin is an Officer of the Order of Canada and of the Ordre national du Québec (Order of Quebec). He is Honorary Consul of Great Britain in Quebec.

Marc Dutil

Marc Dutil is President, Chief Operating Officer and a member of the board of Canam Group Inc. (CMA.A: Toronto). He joined Canam Group Inc. (construction) in 1989. He held various positions at the head office of Canam Steel Works, Inc. before being named General Manager of Steel Plus Network®. In 2002, Mr. Dutil was named Executive Vice President of Canam Group Inc. and, in 2003, he was appointed President and Chief Operating Officer. He is also a member of the board of the CD Howe Institute and several non-profit organizations.

Mario Girard

Chairman of the Board and Chief Executive Officer of Nstein Technologies Inc., a company which he founded in 2000, Mario Girard was previously the President of Gespro Technologies Inc. (information technology services), a company which he founded in 1985. Having become one of the most important technology companies in Quebec, Gespro was sold to Telus Corporation in 2000. Mario Girard played a major role in raising public and private investments worth over \$30 million and oversaw several corporate acquisitions and managed their successful integration. Mario Girard is a member of the Young Presidents' Organization and received the 1996 Arista-Sun Life Young Quebec Entrepreneur award. He is Vice President of La Fondation Toujours Ensemble and a member of the Board of Directors of Amadeus International Inc. (technology).

Nancy Goudreau

Nancy Goudreau is Senior Investment Advisor, Information Technologies and Telecommunications at FSTQ. Holder of a Bachelor of International Business from Concordia University and an MBA from HEC, Nancy Goudreau began her career working for the federal and provincial governments in export assistance. She went on to work in the private sector, developing international trade networks and strategies for IT and telecom firms. She has been part of the technology team at the FSTQ since 2001.

Laurent Proulx

Laurent Proulx is Senior Vice President and Chief Technology Officer of Nstein since its foundation. He has 23 years of experience in software product development. His track record in product management allowed him to be instrumental in the evolution of Nstein's solutions. Prior to Nstein, Mr. Proulx was the Director of Information Systems at the Greater Montreal Real Estate Board. He was then Senior Director of Knowledge Management Solutions for Gespro Technologies (IT consulting). Mr. Proulx was directly involved in the development of a new generation of analytics and discovery software products for unstructured information.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, to the knowledge of management, no proposed director of the Company:

- a. is as at the date of this Circular or has been within 10 years before the date of this Circular a director or executive officer of any company that, while that person was acting in that capacity:
 - i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b. has, within the 10 years before the date of this Circular, 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.

Mr. Richard Drouin was director of Stelco Inc. (metallurgy) until March 31, 2006. On January 29, 2004, Stelco Inc. announced that it had obtained an Order of the Ontario Superior Court of Justice to initiate a Court-supervised restructuring under the Companies' Creditors Arrangement Act ("CCAA"), in order to restore its financial health and competitive position in the North American steel industry. Since April 1st, 2006, Stelco Inc. is no longer under the protection of the CCAA.

DIRECTORS' COMPENSATION

The directors of the Company may be granted options under the Company's Stock Option Plan. For the fiscal year ended December 31, 2005, the Company has granted no stock options to the directors.

For their appointment commencing May 9, 2005 and terminating May 23, 2006, outside directors (i.e. directors who are not part of the Company's management) have received the following compensation for their services as directors:

Type of Compensation	Total Amount of Compensation (\$)
Annual Board Retainer	12,000
Annual Committee Chairperson Retainer	5,000
Board Attendance Fees	1,000
Committee Attendance Fees	500

The Company has implemented a DSU Plan, which was adopted on August 15, 2003, to increase the alignment of directors' and shareholders' interests. Outside directors are compensated in the form of deferred share units ("DSU") under the Deferred Share Units Plan ("DSU Plan") described below so long as the minimum of one million shares or DSU per outside director has not been reached. Once the minimum has been reached, outside directors may elect to receive 50% of their annual retainer and attendance fees in the form of DSU and 50% in cash or 100% in cash or 100% in the form of DSU.

Under the DSU Plan, a number of share units equal to the number of shares that could be purchased on the market for a dollar amount equal to the relevant quarterly compensation payable in the form of share units is credited to the account maintained by the Company for each eligible director. Units are payable only when a director ceases to be a member of the Board. Units must be paid prior to December 15th of the year following the calendar year during which the director ceased to be a member of the Board. The value of a unit, when converted to cash, will be equivalent to the value of a Share at the time the conversion takes place.

During fiscal year 2005, all outside directors were members of every committee of the Board. The Board has met six (6) times, the Human Resources Committee and Audit Committee have held four (4) meetings each and the Corporate Governance and Nominations Committee has held three (3) meetings, so that all outside directors then in office were awarded the following DSU:

Director	Number of DSUs Awarded in 2005
Yves Bellemare ⁽¹⁾	105,340
Rainer Busch ⁽²⁾	79,206
Richard Drouin	158,928
Pierre Ducros ⁽³⁾	158,928
Marc Dutil	158,928

(1) Yves Bellemare resigned on December 5, 2005 for personal reasons and his compensation was paid to FSTQ pursuant to a FSTQ internal policy.

(2) Rainer Busch was elected director of the Company at the last Meeting held on May 9, 2005.

(3) Pierre Ducros will not seek re-election as director at the Meeting scheduled on May 23, 2006.

EXECUTIVE COMPENSATION

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for the Chairman of the Board and Chief Executive Officer, the Executive Vice President and Chief Financing Officer, and the other most highly compensated executive officers of the Company (collectively, the “**Named Executive Officers**”) for services rendered in all capacities during the fiscal years ended December 31, 2003, 2004 and 2005. This information includes base salary, bonuses awarded, the number of stock options granted and all other forms of compensation, whether or not deferred.

Name and Position Within the Company	Financial Year ended December 31	Annual Compensation			Long-Term Compensation
		Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Other Compensation ⁽³⁾ (\$)	Stock Options Granted ⁽⁴⁾
Mario Girard Chairman of the Board and Chief Executive Officer	2005	182,000	25,000	None	750,000
	2004	160,000	28,000	None	700,000
	2003	160,000	20,000	None	325,000
Robert Barakett Executive Vice President and Chief Financing Officer	2005 ⁽⁵⁾	91,590	10,000	None	2,500,000
	2004	–	–	–	–
	2003	–	–	–	–
Laurent Proulx Senior Vice President and Chief Technology Officer	2005	152,000	12,500	None	500,000
	2004	140,000	19,600	None	400,000
	2003	140,000	10,000	None	150,000
Denis Lavallée Vice President, Business Development	2005	183,920 ⁽⁶⁾	20,000 ⁽⁸⁾	None	500,000
	2004	182,000 ⁽⁷⁾	25,480	None	150,000
	2003 ⁽⁹⁾	20,229 ⁽¹⁰⁾	None	None	1,200,000

(1) Based on the compensation actually paid during the year to the Named Executive Officers and not on their gross annual salary.

(2) The bonuses are paid in cash during the year following the year for which they are granted.

(3) Excluding benefits that do not exceed 10% of cash compensation paid during the year up to a maximum of \$50,000 per person.

(4) Long-term compensation is limited to stock options.

(5) Robert Barakett joined the Company June 6, 2005.

(6) Corresponds to \$152,000 USD, the average 2005 conversion rate being 1.21.

(7) Corresponds to \$140,000 USD, the average 2004 conversion rate being 1.30.

(8) Corresponds to \$19,600 USD, the average 2003 conversion rate being 1.30.

(9) Denis Lavallée joined the Company November 23, 2003.

(10) Corresponds to \$14,449 USD, the average 2003 conversion rate being 1.40.

Stock Option Plan

The stock option plan for certain directors, employees and service providers of the Company (the “**Stock Option Plan**”) was approved by the shareholders of the Company on June 13, 2000 and amended on May 9, 2005. Its purposes are to encourage productivity among the optionees and thereby promote the Company’s growth and development. The Stock Option Plan provides for the grant of options to directors, employees and service providers of the Company and its subsidiaries. The Stock Option Plan is under the control and direction of the Board. The Human Resources Committee may advise the Board on all aspects of the Stock Option Plan. The Board has complete authority as to the interpretation and application of the Stock Option Plan and the adoption of such rules, conditions and other measures as it deems necessary or expedient for the administration of the Plan. The total number of shares that may be issued under the Stock Option Plan is currently 18,460,000 Shares. No single optionee may be granted options entitling him or her to subscribe to shares of the share capital of the Company representing more than 5% of all of the Shares, or 2% when the optionee is a service provider. Options must be exercised during the period and on the terms set at the time of the grant. The term of the stock options may not exceed 7 years following the date of grant. The exercise price payable for each optioned Share is set by the Board at the date of its grant but may at no time be less than the market value of the Shares at the time the option was granted. Market value is defined as the closing price of the Shares on a recognized stock exchange on the day preceding the date of grant or, if the day preceding the date of grant is not a business day or if the Shares were not traded on that day, the next preceding business day on which the Shares were traded.

As at December 31, 2005, options to purchase 6,350,000 Shares had been granted under the Stock Option Plan and were outstanding, including options for the purchase of 4,250,000 Shares granted to the Named Executive Officers and the directors of the Company.

Options Granted During the Fiscal Year Ended December 31, 2005

The table below shows information regarding grants of stock options made to the Named Executive Officers under the Company’s Stock Option Plan during the fiscal year ended December 31, 2005.

Named Executive Officers	Stock Options Granted	Percentage of Total Stock Options Granted to Employees ⁽¹⁾	Exercise Price (\$/Share)	Market Value of Stock Options Granted on Date of Grant (\$/Share)	Expiration Date
Mario Girard	750,000	12.82%	0.12	0.12	December 14, 2010
Robert Barakett	2,000,000 500,000	42.74%	0.20 0.12	0.20 0.12	May 18, 2010 December 14, 2010
Laurent Proulx	500,000	8.55%	0.12	0.12	December 14, 2010
Denis Lavallée	500,000	8.55%	0.12	0.12	December 14, 2010

(1) 5,850,000 Stock Options were granted to the employees of the Company and its affiliates during the fiscal year ended December 31, 2005.

Options Exercised During the Year Ended December 31, 2005 and Fiscal Year-end Option Values

The following table summarizes, for each of the Named Executive Officers, (a) the number of shares covered by stock options, if any, exercised during the year ended December 31, 2005, (b) the aggregate value realized upon exercise, (c) the total number of unexercised options, if any, held at December 31, 2005, and (d) the aggregate value of unexercised in-the-money options at fiscal year-end, which is the difference between the exercise price of the options and the market value of the Shares of the Company on December 31, 2005, which was \$0.14 per share.

Named Executive Officers	Number of Shares Acquired on Exercise	Aggregate Value Realized (\$)	Number of Unexercised Options at Fiscal Year-end		Value of Unexercised In-the-Money Options at Fiscal Year-end (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Mario Girard	None	–	1,150,000	1,600,000	5,200	22,800
Robert Barakett	None	–	None	2,500,000	None	10,000
Laurent Proulx	None	–	250,000	950,000	2,400	13,600
Denis Lavallée	None	–	637,500	1,212,500	None	10,000

Employment Agreements and Change in Control Agreements

The Company has entered into employment agreements (“**Employment Agreements**”) with some of its employees, including the Named Executive Officers. These Employment Agreements provide for the payment of a base salary and the possibility of payment, at the Company’s discretion, of additional benefits, including bonuses based on the achievement of objectives. Such Employment Agreements are for an indefinite term, however, they terminate automatically in the event of the death or resignation of the employee and the Company may terminate such agreements without being obliged to pay any indemnity in the event of, notably, gross negligence in the performance of duty, fraud or other serious reason. In the event that the Company terminates an Employment Agreement without valid reason, it shall pay the employee an indemnity in lieu of notice equivalent to 6 to 12 months’ base annual salary. In addition, and as applicable, the employee will receive his planned annual bonus (on a pro rata basis), or all stock options granted to him or for which undertakings have been taken will automatically be fully vested upon such event. The employee may, as applicable, terminate his employment upon 30 days’ prior written notice. The Employment Agreements also contain undertakings pertaining to confidentiality, the assignment of intellectual property rights, no-competition and no-solicitation.

In the event of a change in control, the Company may terminate the Employment Agreements by paying an indemnity in lieu of notice equivalent to 6 to 12 months’ base annual salary as well as the annual planned bonus, and the stock options granted or promised to the employee will be fully vested upon such event.

Report on Executive Compensation

General Principles of Executive Compensation

The compensation of the executive officers of the Company and its subsidiaries, including the Named Executive Officers, is fixed by the Company’s Human Resources Committee, which currently consists of four (4) members who are outside directors, namely, Messrs. Pierre Ducros, who serves as Chairman of the committee (he will not seek re-election as director), and Rainer Busch, Richard Drouin and Marc Dutil.

Components of Overall Compensation

In order to ensure that the Company is able to attract, motivate and retain the highly qualified employees required for its success, the Company has developed and implemented a formal strategic policy regarding the compensation of its executives. This policy is intended to ensure that the Company’s executives receive total compensation that (a) is competitive with the compensation received by executives employed by a group of comparable companies selected by the Company, (b) links the executives’ interests with those of the shareholders and (c) rewards superior performance. The policy is comprised of 4 components:

1. The base compensation strategy, which is intended to align base salaries, benefits and perquisites with the median of the reference market;
2. Annual incentive bonus;
3. A long-term profit-sharing plan in the form of stock options, which is intended to increase shareholder value; and
4. An employee benefit plan, which provides executives and their families with adequate protection in the event of death, disability or illness.

Base Salary

The base salary of executive officers, including the Chairman of the Board and Chief Executive Officer, is based on competitive salaries for positions involving similar responsibilities at other Canadian corporations. The Company has a policy of reviewing salaries annually and making adjustments to reflect the acquisition and use of key competencies and individual contributions to the results of the Company in the previous fiscal year. The Human Resources Committee recommends adjustments to the Board as necessary.

Annual Incentive Bonus

The annual incentive bonus for the Named Senior Executives may represent a potential amount of 40% of their base salary except for the Chairman of the Board and Chief Executive Officer whose potential annual incentive bonus is 60%. The amount of all annual bonuses is based on factors relating to both corporate and individual performance. Corporate performance is assessed on the basis of financial objectives related to revenue and earnings before interest, taxes, depreciation and amortization (EBITDA). The actual amount of the bonus may vary between zero and a maximum of twice the target bonus, depending on the level of achievement of the above-mentioned objectives.

Long-Term Profit Sharing Plan

The Named Senior Executives, including the Chairman of the Board and Chief Executive Officer, may participate in the Stock Option Plan, which is designed to encourage executives to link their interests with those of shareholders, in order to encourage an appreciation in shareholder value. The terms of the Stock Option Plan are described above under the heading “**Stock Option Plan**” on

page 9 of this Circular. Options are granted based on the role and responsibilities associated with the participant’s position, his or her influence over appreciation in shareholder value and the number of options currently held.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

During the fiscal year ended December 31, 2005, the Company granted no loans to any officer or nominee director or their associates. On the date hereof, no loan granted by the Company to any such person is still outstanding.

AUDIT COMMITTEE

The Audit Committee’s Charter

The Company’s Audit Committee adopted a charter on May 9, 2005, which is attached to the present Circular as **Schedule D**.

Composition of the Audit Committee

On the date of this Circular, the Company’s Audit Committee was composed of Marc Dutil, chairman of the committee, Rainer Busch, Pierre Ducros (he will not seek re-election as director) and Richard Drouin.

Under Multilateral Instrument 52-110 *Audit Committees* enacted by the Canadian Securities Administrators (“**MI 52-110**”), a member of an audit committee is “independent” when the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment. All members of the Audit Committee of the Company are independent pursuant to MI 52-110.

Under MI 52-110, an individual is “financially literate” when he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements. All members of the Audit Committee of the Company are financially literate pursuant to MI 52-110.

Fees for the Services of External Auditors

For the fiscal years ended December 31, 2004 and 2005, the following services fees have been invoiced to the Company by PricewaterhouseCoopers LLP, Chartered Accountants, the external auditors:

	2004	2005
Audit Fees	\$66,000	\$71,500
Audit-related Fees ⁽¹⁾	\$2,174	\$10,000
Tax Fees	None	\$22,230
All Other Fees	None	None

(1) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or to the review of the financial statements, and that are not reported as Audit Fees.

Auditors’ Independence

The Audit Committee of the Company has obtained a written confirmation from PricewaterhouseCoopers LLP, of the auditors’ independence and objectivity with regard to the Company, pursuant to the Code of Ethics of the Ordre des comptables agréés du Québec.

Exemption for Venture Issuers

The Company is a venture issuer in accordance with MI 52-110 and as such is relying upon the exemption from the application of Part 5 (Reporting Obligations) of said Instrument.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – Disclosure of Corporate Governance Practices (**NI 58-101**) enacted by the Canadian Securities Administrators provides for greater transparency regarding corporate governance practices. As the Company is a venture issuer, it is required to describe its position with regard to the matters contained in the Form 58-101F2 of NI 58-101.

1. Board of Directors

Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including (i) the identity of directors who are independent, and (ii) the identity of directors who are not independent, and the basis for that determination. If the disclosure is included in a management information circular distributed to security holders of the issuer for the purpose of electing directors to the issuer's board of directors, provide disclosure regarding the existing directors and any proposed directors.

Pursuant to NI 58-101, in a jurisdiction other than British Columbia, a director is independent if he or she would be independent within the meaning of section 1.4 of MI 52-110 on the Audit Committee, i.e. if he or she has no direct or indirect material relationship with the issuer, that is, a material relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a committee member's independent judgment or a relationship with the issuer which is one of those described in same section. In British Columbia, a director is independent if (a) a reasonable person with knowledge of all the relevant circumstances would conclude that the director is independent of management of the issuer and of any significant security holder, or (b) the issuer is a reporting issuer in a jurisdiction other than British Columbia, and the director is independent under subsection 1.2(1) on Meaning of Independence of NI 58-101.

For the fiscal year ended December 31, 2005, the Board was constituted with a majority of individuals who qualify as independent directors since, of the five (5) current directors, four (4) are unrelated to the Company, namely Rainer Busch, Pierre Ducros, Richard Drouin and Marc Dutil. Only one (1) director is a related director, namely Mario Girard, Chief Executive Officer of the Company.

On May 23, 2006, following the Annual Meeting, if the proposed candidates are elected, the Board will remain constituted with a majority of individuals who qualify as independent directors since, of the eight (8) nominees, five (5) qualify as independent directors: Jean Bédard, Rainer Busch, Richard Drouin, Marc Dutil and Nancy Goudreau. Current director Pierre Ducros will not seek re-election at the Meeting scheduled on May 23, 2006.

To determine whether a director is independent, the Board reviews the information provided by the Directors and candidates through a questionnaire.

2. Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a Canadian or foreign jurisdiction, identify both the director and the other issuer. If the disclosure is included in a management information circular distributed to security holders of the issuer for the purpose of electing directors to the issuer's board of directors, provide disclosure regarding the existing directors and any proposed directors.

The following table identifies the names of the Company's current directors and nominees who are also directors of any other reporting issuers:

Directors / Nominees	Reporting Issuers
Richard Drouin	Abitibi Consolidated (Chairman) Addenda Capital Inc. American Superconductor Corporation
Pierre Ducros ⁽¹⁾	Cognos Inc. Emergis Inc. Manulife Financial Corporation Rona Inc. Telus Corporation
Marc Dutil	Canam Group Inc.
Mario Girard	Amadeus International Inc.

(1) Pierre Ducros will not seek re-election at the Meeting scheduled on May 23, 2006.

3. Orientation and Continuing Education

Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporate Governance and Nominations Committee is responsible for the orientation and education of new members to the Board. When a new director is appointed, presentations will be given on the organization and operational procedures of the Company as well as the market in which the Company operates. The Corporate Governance and Nominations Committee is entirely constituted of individuals who qualify as independent directors: Messrs. Rainer Busch, Richard Drouin, Pierre Ducros (who will not seek re-election as director) and Marc Dutil.

4. Ethical Business Conduct

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

The Corporation adopted on February 27, 2001 written ethical business conduct rules applicable to the Corporation's directors, officers, employees and person having a special relationship with the Corporation (hereinafter the "Code of ethics"). The Code of ethics, which was amended on October 27, 2004 and November 25, 2005, covers conflicts of interest, treatment of confidential information, privileged information and trading in the corporation's securities, insiders' reports and intellectual property.

Furthermore, the Corporation adopted on November 25, 2005 reporting procedures for accounting and audit matters, applicable to the Corporation's directors, officers, employees and person having a special relationship with the Corporation (hereinafter the "Whistleblower Policy"). The Whistleblower Policy, which is administered and enforced by the Audit Committee, establishes procedures for the receipt, retention and handling of complaints regarding accounting, internal accounting controls, or auditing matters, and of the submission by employees of concerns regarding questionable accounting or auditing matters, in accordance with MI 52-110 Audit Committees.

5. Nomination of Directors

Disclose what steps, if any, are taken to identify new candidates for board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.

Pursuant to its written mandate, the Corporate Governance and Nominations Committee is responsible for identifying qualified individuals to serve as directors of the Company and for recommending to the board candidates to be presented at the next annual meeting of the shareholders. The committee consists entirely of independent directors: Messrs. Rainer Busch, Richard Drouin, Pierre Ducros (who will not seek re-election as director) and Marc Dutil.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation

The Corporate Governance and Nominations Committee reviews the compensation of the outside directors of the Company and reports to the Board. The Board is satisfied and is of the opinion that compensation is adequate. As for the CEO's compensation, it is established by the Human Resources Committee, which currently consists exclusively of independent directors: Messrs. Rainer Busch, Richard Drouin, Pierre Ducros (who will not seek re-election) and Marc Dutil.

7. Other Board Committees

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

The Board has no other committee.

8. Assessments

Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Corporate Governance and Nominations Committee is responsible for assessing the individual and collective effectiveness of the Board and selecting new directors. This committee currently consists exclusively of independent directors: Messrs. Richard Drouin, Chairman, Rainer Busch, Pierre Ducros (who will not seek re-election as director) and Marc Dutil.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company provides insurance for the benefit of the directors and officers of the Company and its subsidiaries against liability which may be incurred by them in these capacities. The current policy limit is \$5,000,000. Such insurance is subject to a general deductible of \$50,000 per loss, as well as the specific exclusions usually contained in such policies. The total annual premium paid during the fiscal year ended December 31, 2005 in respect of this policy was \$35,276.61. This annual premium, which has not been specifically broken down between the directors as a group and the officers as a group, was paid entirely by the Company.

OFFICERS AND OTHERS HAVING AN INTEREST IN MATERIAL TRANSACTIONS

No insider of the Company, nominee director or any of their associates or affiliates has any interest in any material transaction conducted since the beginning of the last fiscal year or in any proposed transaction that materially affected or will materially affect the Company and its subsidiaries.

ADDITIONAL INFORMATION

The Company is a reporting issuer under the Quebec's Securities Act and under British Columbia and Alberta Securities legislation and is therefore required to file financial statements and management proxy circulars with the Autorité des marchés financiers of Quebec (the Quebec securities commission), the British Columbia Securities Commission and the Alberta Securities Commission. Due to its venture issuer status, the Company is exempted from filing an annual information form with the securities authorities.

Financial information is provided in the company's comparative financial statements and MD&A for its most recently completed financial year. Financial statements, MD&A, as well as additional information relating to the company may be found on SEDAR at www.sedar.com or upon request made to the Corporate Secretary of the Company. The Company may require the payment of a reasonable charge when the request is made by a person other than a holder of securities of the Company.

APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

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

Montreal, Quebec, Canada, April 20, 2006.



Stéphanie Benoit
Legal Counsel and Corporate Secretary

SCHEDULE A

SPECIAL BY-LAW 2006-1 MODIFYING THE COMPANY'S SHARE CAPITAL

NSTEIN TECHNOLOGIES INC.
(the "Company")

DATE: April 20, 2006

SPECIAL BY-LAW 2006-1
modifying the Company's share capital

1. The Company's share capital is hereby amended by the modification of the establishment of the rights, privileges, conditions and restrictions pertaining to the preferred shares issuable in series, as set forth in Schedule 1 to the articles of amendment referred to in paragraph 2 below;
2. The articles of amendment of the Company, in the form and according to the terms of the draft attached hereto as Schedule A to form an integral part hereof, are hereby adopted;
3. The directors may cancel this by-law before the certificate of amendment is drawn up by the Registraire des entreprises;
4. Any director of the Company is hereby authorized to, on behalf of the Company, sign the said articles of amendment and any notice or document required for that purpose, to file same with the Registraire des entreprises, and to do all things that he deems necessary or expedient to give effect to this by-law.

ADOPTED on April 20, 2006.

Witnesseth the signatures of the Chairman of the Board and Chief Executive Officer and the Corporate Secretary of the Company.

Chairman of the Board and Chief Executive Officer,



Mario Girard

Corporate Secretary,



Stéphanie Benoit

SCHEDULE B

SCHEDULE 1 TO THE ARTICLES OF AMENDMENT OF THE COMPANY

Schedule 1 to the articles of amendment of (the “Company”) amending the articles of amendment dated May 30, 2001. This Schedule 1 forms an integral part of the articles of amendment of the Company.

- 1.1.1 More specifically, the Board of directors of the company may determine the designation of the series of Preferred shares, fix the number of Preferred shares of such class and determine, subject to the limitations proper to the Preferred shares, the rights, privileges, conditions and restrictions attaching to such series of shares, including, but notwithstanding anything contained hereinabove:
- i) the dividend rate and the amount or the method of calculating the dividend attaching to the shares of such series as well as the payment installments and the cumulative or non-cumulative property of such dividend; and
 - ii) if applicable, such rights, privileges, conditions and restrictions that may be deemed relevant relating to the acquisition by the company of such shares (either by the company, at the option of the holder or otherwise), the constitution of a depreciation fund or of purchase at this effect, to the exchange or the conversion of such shares into shares of another series or class, or also to the transfer of such shares; and
- modify consequently the Articles of the company, in accordance with the Companies Act.

SCHEDULE C

**SPECIAL BY-LAW 2006-2 AUTHORIZING THE CONSOLIDATION
OF THE COMPANY'S ISSUED AND OUTSTANDING COMMON SHARES**

NSTEIN TECHNOLOGIES INC.
(the "Company")

DATE: April 20, 2006

**SPECIAL BY-LAW 2006-2
authorizing the consolidation of the Company's issued and outstanding common shares**

1. The Company is hereby authorized to consolidate all issued and outstanding common shares, if and when deemed advisable by the Board of Directors, no later than twelve months from the date of the Management Proxy Circular of the Corporation dated April 20, 2006;
2. The determination of the basis for consolidation will be at the discretion of the Board of Directors, up to a maximum of ten (10) common shares prior to consolidation per each (1) common share issued and outstanding following consolidation;
3. The Company is hereby authorized to purchase all fractions resulting therefrom, pursuant to the conditions set forth by Board of Directors upon consolidation, but at a purchase price representing the weighted average of the twenty (20) trading days preceding the effective date of the consolidation;
4. Any director and officer of the Company is hereby authorized, on behalf of the Company, to sign any document and to do all things that he deems necessary or expedient to give effect to this by-law;
5. The directors may, at their sole discretion, if deemed advisable before the effective date of the consolidation, decide not to give effect to and to revoke this by-law without further approval of or notice to the shareholders.

ADOPTED on April 20, 2006.

Witnesseth the signatures of the Chairman of the Board and Chief Executive Officer and the Corporate Secretary of the Company.

Chairman of the Board and Chief Executive Officer,



Mario Girard

Corporate Secretary,



Stéphanie Benoit

SCHEDULE D

AUDIT COMMITTEE CHARTER

Preamble

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”). Its principal function is to assist the Board in fulfilling its oversight responsibilities by reviewing financial information, systems of internal financial, business and anti-fraud controls, and the audit process. This Charter is intended to establish such things as the mandate, responsibilities and powers of the Committee pursuant to Multilateral Instrument 52-110 on audit committees (“**MI 52-110**”) adopted by the Canadian Securities Administrators.

1. Composition

- 1.1 *Number.* The Committee shall be composed of such number of directors as determined from time to time by the Board; such number shall not be less than three.
- 1.2 *Qualifications.* Solely directors of the company may be members of the Committee (“**the Members**”). Members must be inside¹, unrelated² and independent³ directors, in addition to satisfying any other requirement contained in statutory instruments applicable to the Company. In an effort to foster a diverse Committee, Members may have a background in other areas other than finance but all Members must be financially literate⁴ and at least one Member shall have accounting or related financial management expertise.
- 1.3 *Mandate.* Unless the Board decides otherwise or circumstances justify otherwise, the Members’ mandate starts upon their appointment and ends at the next annual meeting of the shareholders. Members are appointed generally at the first meeting of the Board following the annual meeting of the shareholders. The Board has the discretionary power to remove any Member from the Committee and to appoint other Members at all times.
- 1.4 *Chair of Committee.* The Chairman of the Committee is appointed by the Board from among the Members. The Chairman reports to the Board at the Board meeting following: (i) all meetings of the Committee; (ii) the signature of a document attesting to a Committee decision or recommendation.

2. Meetings of the Committee

- 2.1 *Convocation.* A Meeting may be called at any time by the Chairman of the Board, by the chairman of the Committee and by two (2) Members.
- 2.2 *Agenda.* The Chairman of the Committee, in collaboration with the Chairman of the Board, generally sets the agenda of each Meeting of the Committee, taking into account the items on the Committee’s activity program approved each year by the Board.
- 2.3 *Number and timing of Meetings.* The Committee shall meet when required; there may be no fewer than one (1) meeting per quarter, usually at the time of or preceding a Board Meeting.
- 2.4 *Quorum.* The quorum is reached when a simple majority of the Members is present.
- 2.5 *Chair of Meetings.* The Chair of the Committee shall act as chair of the meetings.
- 2.6 *Secretary of Meetings.* Unless otherwise ordered by the Committee, the Secretary of the Corporation shall be the Secretary of the meetings.
- 2.7 *Decisions and recommendations of the Committee.* Decisions and recommendations made by the Committee must be put into writing as resolutions adopted at meetings of the Committee and recorded in minutes of such meetings or in a written record signed by all Members. Such resolutions constitute the authorization for management to take all appropriate measures.
- 2.8 *Other Meetings.* The Committee shall periodically meet separately and privately with management, the external auditors, and the internal auditors.

3. Duties and Responsibilities of the Committee

- 3.1 *General.* The Committee has, among others, monitoring responsibilities regarding the financial information, risk management and monitoring of internal controls, monitoring of the internal auditors, and monitoring of the external auditors.
- 3.2 Regarding the review of financial information, it is the Committee’s duty and responsibility to, among others:

¹ Pursuant to the Toronto Stock Exchange Guidelines, an “inside director” is a management director.

² Pursuant to the Toronto Stock Exchange 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.

³ Defined by the Canadian Securities Administrators in Multilateral Instrument 52-110 as a director who has no direct or indirect material relationship with the Corporation.

⁴ Defined by the Canadian Securities Administrators in Multilateral Instrument 52-110 as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

- Verify the quality and the integrity of the accounting process and the financial reporting process, of controls, of information communication procedures and of the company's internal control systems, through discussions with management and the external auditors;
- Review the following documents and recommend their approval to the Board, before they are released to the public: all company documents containing financial information, whether or not the information is consolidated or audited, including: interim and annual financial statements, prospectuses, annual notices, notes, management reports and analyses, press releases, earnings forecasts, etc.;
- Review changes to accounting policies and practices adopted by the company and discuss with management and the external auditors bases of accounting and reporting as well as the proposals of regulatory agencies.
- Ensure that there are no unresolved problems at issue between management and the company's external auditors or other difficulties facing the external auditors that could affect the financial statements.
- Review established procedures for reviewing financial information extracted or derived from the financial statements apart from the information covered by the above points, and periodically assess the adequacy of these procedures.
- Review, together with management and the external auditors:
 - the presentation of the Company's financial information according to generally accepted accounting principles;
 - suggested changes to the Company's accounting principles and policies;
 - the reasonable nature of provisions, reserves and estimates that could have a significant effect on the presentation of financial information;
 - important decisions relating to the presentation of financial statements.
- Review the impact of new regulatory or accounting measures, as well as off-balance sheet structures, on the Company's financial statements.

3.3 Regarding risk management and monitoring of internal controls, it is the Committee's duty and responsibility to, among others:

- Obtain from management an overview of the risks, principles, procedures and control measures related to the integrity of the financial reporting.
- Review, with management:
 - the risk management policy and the changes that should be made to it;
 - its assessment of significant risks to which the Company is exposed;
 - the programs and processes used to manage and control these risks;
 - the Company's degree of tolerance for these risks;
 - the governance structure, capitalization and policies concerning the Company's pension plan investments and oversee the management of the Company's pension plan investments.
- Ask management to establish and maintain reliable internal control systems and review the procedures implemented to assess the efficiency of the systems.
- Review the process relating to certifications that must be included in the Company's public disclosure documents and discuss this with the Chairman of the Board and Chief Executive Officer and the Executive Vice President and Chief Financial Officer.
- Establish procedures relating to the receipt, retention and handling of complaints about accounting, internal accounting controls, or the audit, as well as concerns expressed by the Company's employees with regard to debatable accounting or auditing points. Ensure that communications remain confidential and anonymous.
- Review the Company's insurance protection to ensure that it is adequate.
- Review and discuss with management, the internal and external auditors and the Chief Legal Officer the effectiveness of policies and procedures ensuring compliance with statutes, regulations and financial commitments.
- Review the list of the Company's major disputes as well as the measures taken by management.
- Review tax planning that significantly affects the Company's finances.

3.4 Regarding monitoring of the internal auditor, it is the Committee's duty and responsibility, among others, to:

- Review and approve the internal audit charter annually.
- Ensure that the internal auditor reports to the committee.
- Review and approve the annual internal audit plan.
- Receive and study the internal audit's important reports, observations, and recommendations.

- Review actions taken by management in response to the internal auditor's recommendations.
- Review the independence of internal auditors.
- Review with the internal audit manager the difficulties encountered during the audit with respect to the mandate's scope and access to information. Review all changes relating to the scope of his audit projects.

3.5 Regarding the monitoring of external auditors, it is the Committee's duty and responsibility, among others, to:

- Ensure that external auditors report directly to the committee.
- Recommend to the board the appointment or revocation of external auditors as well as their remuneration.
- Review and approve the hiring policies with respect to partners, employees, and former partners and employees of current and former external auditors.
- Act as the sole authority in matters relating to the prior approval of all non-audit services that the external auditors plan to provide.
- Review the external audit plan with the external auditors, and review the qualifications, independence, and objectivity of the external auditors, including written statements defining the relationship between the external auditors and the Company, which could affect their independence and objectivity, and recommend measures for the board to take to ensure the independence of external auditors.
- Assume direct responsibility for overseeing the work of external auditors hired to establish or deliver an audit report or provide other auditing, review or certification services, including responsibility for resolving disagreements between management and the external auditors concerning the financial information.
- Discuss with external auditors the quality and not just the acceptability of accounting principles, including:
 - the main accounting policies and practices used;
 - other treatments of financial information that have been the subject of discussions with management, the scope of their use and the treatment preferred by the external auditors;
 - other significant written communications between management and the external auditors.
- Review, once yearly, a report prepared by the external auditors describing:
 - their internal quality control procedures;
 - all significant questions raised within the context of the last internal quality control review (or peer review) of the external auditors' firm or any request for information or investigation by a governmental or professional authority, during the last five years, relating to one or several independent audit assignments carried out by the external auditors' firm, as well as all measures taken to resolve questions of this nature.
- Review actions taken by management in response to the external auditors' recommendations.
- Ensure that there is rotation of the lead audit partner, the concurring partner and the other partners assigned to the audit as prescribed by the code of ethics of the Ordre des comptables agréés du Québec.

4. Powers of the Committee

4.1 *Experts and Counselors.* The Committee has the power to hire independent lawyers or other counselors that it judges necessary to the exercise of its duties. The Committee has the power to set the compensation to the counselors it employs. The Company provided the necessary funds to pay the compensation of such counselors.

4.2 *Direct Communication With External and Internal Auditors.* The Committee has the power to communicate directly with external and internal auditors.

5. Evaluation of the committee's performance

5.1 *Performance.* Each year, the committee shall assess and review its performance in collaboration with the Corporate Governance and Nominations Committee.

5.2 *Reporting.* The Committee shall give an account of its mandate to the Board once a year.

6. Charter

6.1 *Annual Review.* Each year, the Committee shall review the present Charter and suggest improvements to the Board for approval. The Committee must review the present mandate at least once a year and submit changes to the Board, if applicable.

6.2 *Effective Date.* The Charter is effective as of May 9, 2005.