NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT PROXY CIRCULAR

D-BOX TECHNOLOGIES INC.

July 15, 2013

D-BOX TECHNOLOGIES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that an Annual and Special Meeting of Shareholders of D-BOX Technologies Inc. (the "**Corporation**") will be held at the McCord Museum, 690 Sherbrooke West Street, Montreal, Québec, on August 14, 2013 at 10:00 a.m. for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation for the fiscal year ended March 31, 2013 and the auditors' report thereon;

2. To elect directors;

3. To appoint Ernst & Young LLP as auditors of the Corporation and authorize the directors to fix their remuneration;

4. To consider, and if deemed advisable to adopt, a special resolution in the form annexed as Schedule A to the Management Proxy Circular, authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate, no later than twelve months from the date of the Meeting, the issued and outstanding Class A common shares of the Corporation on the basis of one Class A common share for a maximum of every ten Class A common shares issued and outstanding;

5. To consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule B to the Management Proxy Circular amending the general by-laws of the Corporation so as to include the by-law pertaining to the advance notice requirement for the nomination of directors;

6. To consider, and if deemed advisable adopt, a resolution in the form annexed as Schedule D to the Management Proxy Circular, approving the Shareholder Rights Plan of the Corporation;

7. To transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 12, 2013 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED at Longueuil, Québec
July 15, 2013

BY ORDER OF THE BOARD OF DIRECTORS

(s) Louis Brunel
Chairman of the Board of Directors

D-BOX TECHNOLOGIES INC.

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation by the management of D-BOX Technologies Inc. (the "Corporation") of proxies to be used 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 Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to certain beneficial owners of the shares. See "Appointment and Revocation of Proxies – Notice to Beneficial Holders of Shares" below.

INTERNET AVAILABILITY OF PROXY MATERIALS

Rules recently adopted by the Canadian securities administrators, known as the "notice and access" distribution option, allow companies to send to shareholders a notice to the effect that proxy materials are available via the Internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. In the future, the Corporation may take advantage of the "notice and access" distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation's notice of meeting and management proxy circular via the Internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 12, 2013 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the shareholder's appointee should be legibly printed in the blank space provided. In addition, the shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the shareholder's shares are to be voted.

Shareholders who are not registered shareholders should refer to "Notice to Beneficial Holders of Shares" below.

Revocation of Proxy

A shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on August 12, 2013 (i) by mail or by hand

delivery to Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775, or deposited with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

Notice to Beneficial Holders of Shares

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders do not hold shares of the Corporation in their own name. Shareholders who do not hold their shares of the Corporation in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, and a voting instruction form or form of proxy, as applicable (collectively, the "**Meeting Materials**"), directly to NOBOs and indirectly through intermediaries to OBOs. National Instrument 54-101 allows the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to OBOs will be borne by the Corporation.

The Corporation has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list. If the Corporation's transfer agent, Computershare Investor Services Inc., has sent these materials directly to a NOBO, such NOBO's name and address and information about its holdings of common shares of the Corporation have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulations. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from Computershare Investor Services Inc. NOBOs should complete and return the voting instruction form to Computershare Investor Services Inc. in the envelope provided. In addition, telephone voting and internet voting are available; instructions in respect of the procedure for telephone and internet voting can be found on the voting instruction form. Computershare Investor Services Inc. will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their

intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website at https://central-online.proxyvote.com to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation's transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for the: (i) election of directors, (ii) appointment of auditors, (iii) special resolution authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate the issued and outstanding Class A common shares of the Corporation on the basis of one Class A common share for a maximum of every ten Class A shares issued and outstanding, (iv) resolution approving the by-law pertaining to the advance notice requirement for the nomination of directors, and (v) resolution approving the Shareholder Rights Plan of the Corporation as stated under such headings in this Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. 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, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at July 15, 2013, there were 163,781,129 issued and outstanding Class A common shares of the Corporation. There are no other issued and outstanding shares. Each common share entitles the holder thereof to one vote. The Corporation has fixed July 5, 2013 as the record date (the "**Record Date**") for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 2172 rue de la Province, Longueuil, Québec J4G 1R7 and at the Meeting.

PRINCIPAL SHAREHOLDERS

As at July 15, 2013, to the best knowledge of the Corporation, the following is the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

Name and municipality of residence	Number of common shares held	Percentage
Caisse de dépôt et placement du Québec Montreal, Québec	18,494,882[(1)]	11.29%

(1) The information was taken from the SEDI website at www.sedi.ca, on July 15, 2013. This information is generated from insider reports filed on SEDI and is not within the direct knowledge of the Corporation.

ELECTION OF DIRECTORS

The Board of Directors currently consists of nine members. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote for the election of the seven nominees whose names are set forth below. Each director will hold

office until the next annual meeting of shareholders or until the election of his or her successor, unless the director resigns or his or her office becomes vacant by removal, death or any other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name, municipality of residence and position with the Corporation	Principal occupation	First year as director	Number of shares beneficially owned or over which control is exercised as at July 15, 2013
Louis Brunel[2][3] Ile Bizard, Québec, Canada Chairman of the Board	Corporate Director and Corporate Consultant	2008	300,000
Claude Mc Master St. Lambert, Québec, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	2006	2,407,756
Élaine C. Phénix[1] Verdun, Québec, Canada Director	President Phénix Capital Inc.	2004	191,000
Jean Colbert[2] St-Charles sur Richelieu, Québec, Canada Director	Corporate Director and Owner and Exhibitor of Commercial Theatres	2009	—
Jean-Pierre Desrosiers[1][3] Montreal, Québec, Canada Director	Partner Fasken Martineau	2010	—
Jean Lamarre[4] Montreal, Québec, Canada Nominee	President Lamarre Consultants	—	—
Kit Dalaroy[5] Montreal, Québec, Canada Nominee	Managing Director Landry Investment Management	—	—

(1) Member of the Audit Committee.
(2) Member of the Compensation and Corporate Governance Committee.
(3) Member of the Strategic Committee.
(4) If Jean Lamarre is elected at the annual and special meeting of August 14, 2013, he is expected to be appointed as member of the Compensation and Corporate Governance Committee.
(5) If Kit Dalaroy is elected at the annual and special meeting of August 14, 2013, he is expected to be appointed as member of the Audit Committee

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

The following is a brief *curriculum vitae* of Jean Lamarre.

Jean Lamarre has more than 35 years of experience in international business development, finance and corporate strategy and holds a Bachelor of Business Administration with a major in Applied Economics from HEC Montréal. He is a partner of Lamarre Consultants which he founded in 1995. This corporation offers strategic advice and organizes financing for companies in their establishment and expansion efforts mainly in the fields of information technology and life sciences. Mr. Lamarre serves as Executive Chairman of the Board of Directors of Semafo Inc. since June 2008 and he is the Chairman

of the Board of *Télé-Québec*, the daily newspaper *Le Devoir*, and sits on the Board of Directors of, among others, TSO3, Argos Therapeutics and Klox Technologies. He previously served as the international Vice-President of Canam Manac Group primarily in the management of international operations and major projects. For 15 years, Mr. Lamarre worked for the Lavalin Group. He worked in the Brussels office as European Vice-President, supervising operations in Belgium, England and Norway. Prior to that, he was Vice-President, Finance and Administration at Lavalin Group.

The following is a brief *curriculum vitae* of Kit Dalaroy.

Mr. Dalaroy began his career in 1991 with Donaldson, Lufkin and Jenrette as a financial analyst in New York. He then joined Citigroup (Toronto) where he was promoted to Vice President and specialised in corporate financings and cross border mergers and acquisitions. In 2002, Kit Dalaroy joined BCE as Vice President of M&A. In 2005, as Managing Director at Credit Suisse and then Deutsche Bank, Mr. Dalaroy serves as strategic advisor in several major transactions. Mr. Dalaroy joined National Bank Financial as a Senior Managing Director. He is currently partner at Champlain Financial Corporation, an equity firm with investments in various portfolio companies and was recently named Managing Director of Landry Investment Management where Champlain has a minority investment. Mr. Dalaroy holds an Honours B.A. in Economics and Political Science from the University of North Carolina at Chapel Hill. He is chairman of the Fondation du Collège Jean Eudes and a board member of La Fondation du Père Sablon. Mr. Dalaroy is also a 2002 recipient of Canada's Top 40 under 40 which is an award given to Canadians under the age of 40 who are outstanding leaders in their chosen fields.

Majority Voting for Directors

In March 2013, the Board of Directors adopted a majority-voting policy. Under this policy, in an uncontested election of directors, any nominee proposed for election as a director who receives a greater number of "withheld" votes than "for" votes is expected promptly following the date of the shareholders' meeting at which the election occurred to tender his or her resignation to the Chairman of the Board of Directors for consideration by the Compensation and Corporate Governance Committee of the Board of Directors, with the resignation to take effect upon acceptance by the Board of Directors. This policy applies only to "uncontested elections", that is, elections where the number of nominees for director is equal to the number of directors to be elected.

The Board of Directors will act on the Corporate Governance Committee's recommendation within 90 days following the date of the shareholders' meeting at which the election occurred. Following the Board of Directors' decision on the Corporate Governance Committee's recommendation, the Board of Directors will promptly disclose, by way of a press release, the Board of Directors' decision whether or not to accept the director's offer of resignation, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.

The Compensation and Corporate Governance Committee will be expected to accept the resignation except in situations where extenuating circumstances would warrant that the director continues to serve on the Board of Directors. In considering whether or not to accept a resignation, the Compensation and Corporate Governance Committee will consider all factors deemed relevant by the Corporate Governance Committee, including the stated reason or reasons why shareholders "withheld" votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been tendered (including, for example, the impact the director's resignation would have on the Corporation's compliance with the requirements of applicable corporate and securities laws and the rules of any stock exchange on which the Corporation's securities are listed or posted for trading), such director's contributions to the Corporation, and whether the director's resignation from the Board of Directors would be in the best interests of the Corporation.

The Compensation and Corporate Governance Committee will also consider a range of possible alternatives concerning the director's tendered resignation as the Compensation and Corporate Governance Committee deem appropriate, including acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Compensation and Corporate Governance Committee to have substantially resulted in the "withheld" votes.

A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation will be accepted.

Shareholders should note that, as a result of the majority-voting policy, a ''withhold'' vote is effectively the same as a vote against a director nominee in an uncontested election.

To the knowledge of the Corporation, none of the nominees for election as a director of the Corporation:

(a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:

(i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or 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 with the exception of Mr. Jean Lamarre who, until October 6, 2009, was a director of Medical Intelligence Technologies Inc. which filed for and obtained protection under the *Companies' Creditors Arrangement Act* and made an assignment of its property on February 9, 2010; he resigned on October 21, 2011 as a director of privately-held Mechtronix World Corporation and certain of its Canadian subsidiaries ("**Mechtronix**") and that, on or about May 15, 2012, Mechtronix filed a notice of intention under the *Companies Creditors Arrangement Act* and its assets were liquidated on May 18, 2012; until June 2012, Mr. Lamarre was a director of Mango Copper Industries Inc. which filed on April 17, 2012 a notice of intention under the *Companies' Creditors Arrangement Act* and obtained protection from its creditors on September 24, 2012; or

(c) has, within the last ten years, 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 his assets.

None of the foregoing nominees for election as director of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The Corporation does not have an Executive Committee of the Board of Directors.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion & Analysis

This discussion describes the Corporation's compensation program for each person who acted as President and Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose total compensation was more than $150,000 in the Corporation's last fiscal year (each a "**Named Executive Officer**" or "**NEO**" and collectively the "**Named Executive Officers**"). This section will address the Corporation's philosophy and objectives and provide a review of the process that the Compensation and Corporate Governance Committee follows in deciding how to compensate the Named Executive Officers. This section will also provide discussion and analysis of the Compensation and Corporate Governance Committee's specific decisions about the compensation of the Named Executive Officers for the fiscal year ended March 31, 2013. The Corporation had four Named Executive Officers during the fiscal year ended March 31,

2013, namely Claude Mc Master, President and Chief Executive Officer, Luc Audet, Chief Financial Officer, Philippe Roy, Chief Business Development Officer and Sylvain Trottier, Vice-President, Operations.

Compensation Committee

The Compensation and Corporate Governance Committee is composed of three directors, namely Élaine C. Phénix, Louis Brunel and Jean Colbert. If all the nominees are elected as directors at the annual and special meeting of the shareholders to be held on August 14, 2013, Mr. Lamarre is expected to be appointed as president of the Compensation and Corporate Governance Committee to replace Élaine C. Phénix. Messrs. Lamarre, Brunel and Colbert are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. The Board of Directors believes that the Compensation and Corporate Governance Committee has the knowledge, experience and required background to fulfill its mandate, and each member of the Compensation and Corporate Governance Committee has direct experience that is relevant to his or her responsibilities in executive compensation. In particular, Jean Lamarre is currently Executive Chairman of the Board of Semafo Inc. and sits on the boards of various other public and private companies in addition to having served as an executive at large international corporations; Louis Brunel has been President and Chief Executive Officer of the International Institute of Telecommunications and Chairman of the Board of Directors and General Manager of the University of Public Administration (ENAP); Jean Colbert was President and Director of the *Association des propriétaires de cinémas et cinéparcs du Québec* and was President of the *Association des distributeurs de films vidéo du Québec*, while operating movie theatres. These collective skills and vast experience allow the Compensation and Corporate Governance Committee to make decisions affecting the relevance of policies and practices of the Corporation's compensation.

The mandate of the Compensation and Corporate Governance Committee is to annually review and make recommendations to the Board of Directors with respect to the Corporation's compensation and benefit programs for the Named Executive Officers and directors as well as other members of senior management of the Corporation, including base salaries, bonuses and stock option grants. In the assessment of the annual compensation of the Named Executive Officers, the Compensation and Corporate Governance Committee consults with senior management to develop, recommend and implement compensation philosophy and policy. The Compensation and Corporate Governance Committee also takes into consideration the competitiveness of the compensation packages offered to the Named Executive Officers. Compensation decisions are usually made in the first quarter of a fiscal year, in respect of performance achieved in the prior fiscal year.

Comparative Group and External Compensation Consultant

To ensure the competitiveness of the compensation offered to the Named Executive Officers and other senior executives of the Corporation, the Compensation and Corporate Governance Committee may retain, from time to time, the services of executive compensation consultants to provide advice on executive compensation. All decisions with respect to executive compensation are made by the Board of Directors upon recommendation of the Compensation and Corporate Governance Committee and may reflect factors and considerations that differ from information and recommendations provided by such consultants, such as merit and the need to retain high-performing executives. The Corporation did not retain the services of a compensation consultant to provide advice on executive compensation to the Board of Directors or the Compensation and Corporate Governance Committee for the fiscal years ended March 31, 2013 and 2012.

As part of the review process, the Compensation and Corporate Governance Committee conducted an analysis to examine and compare the Corporation's compensation programs with a group of comparable companies to ensure the competitiveness and reasonableness of the compensation offered. In 2012, the Corporation's compensation levels and practices were compared to those of ten companies (collectively, the "**Comparative Group**"), including companies with market capitalization, revenues and financial performance comparable to those of the Corporation, taking into consideration the size of the Corporation, the geographic markets in which it operates and the responsibilities of its executive officers. The Comparative Group is comprised of the following companies:

COMPARATIVE GROUP				
TSO3	DEQ Digital Entertainment	BioTEQ Environmental Technologies	PROSEP	IPlayCo
H2O Innovation	Tecsys	Miranda Technologies	GuestLogix	Firan Technologies

Compensation Program Philosophy and Objectives

Philosophy

The Corporation's executive compensation philosophy and program objectives are directed primarily by two guiding principles. First, the program is intended to provide competitive levels of compensation, at expected levels of performance, in order to attract, motivate and retain talented executives. Second, the program is intended to create an alignment of interests between the Corporation's executives and shareholders, so that a significant portion of each executive's compensation is linked to maximizing shareholder value. In support of this philosophy, the executive compensation program is designed to reward performance that is directly relevant to the Corporation's short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that varies based on corporate and individual performance.

Purpose

The Corporation's executive compensation program has been designed to accomplish the following long-term objectives:

a) create a proper balance between building shareholder wealth and competitive executive compensation while maintaining good corporate governance;

b) produce long-term, positive results for the Corporation's shareholders;

c) align executive compensation with corporate performance and appropriate peer group comparisons; and

d) provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

Compensation Process

The executive compensation program is administered by the Compensation and Corporate Governance Committee. The Corporation adopted a formal policy with respect to the remuneration of its Named Executive Officers in March 2009. The Compensation and Corporate Governance Committee has the authority to retain independent consultants to advise it on compensation matters.

Components of Executive Compensation

The Corporation's executive compensation program is structured into three main components: base salary, annual incentives (bonuses) and long-term incentives, including stock options ("**Options**") granted pursuant to the Corporation's Stock Option Plan established in 1999 and replaced by a new Stock Option Plan in 2011, as amended from time to time (the "**Stock Option Plan**"). The following discussion describes the Corporation's executive compensation program by component of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. In establishing the executive compensation program, the Corporation believes that:

a) base salaries provide an immediate cash incentive for the Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent;

b) annual incentive bonuses encourage and reward performance over the fiscal year compared to predefined goals and objectives and reflect progress toward company-wide performance objectives and personal objectives; and

c) options ensure that the Named Executive Officers are motivated to achieve long term growth of the Corporation, continuing increases in shareholder value and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and Options as short-term and long-term incentives, respectively. Annual incentive bonuses are related to performance and may form a greater or lesser part of the entire compensation package in any given year.

Base Salaries

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, qualifications and experience of the officer and market conditions.

The base salaries of the Named Executive Officers are reviewed annually to ensure they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of NEO, retention considerations and level of demonstrated performance.

Base salaries, including that of the CEO, are reviewed by the Compensation and Corporate Governance Committee on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the CEO to the Corporation's long-term growth and the Compensation and Corporate Governance Committee members' knowledge of remuneration practices in Canada.

Variable Cash Incentive Awards – Bonuses

The Compensation and Corporate Governance Committee's philosophy with respect to Named Executive Officer bonuses is to align the payment of bonuses with the performance of the Corporation, based on predefined goals and objectives established by the Compensation and Corporate Governance Committee and management and the relative contribution of each of the executive officers, including the CEO, to that performance. During the fiscal year ended March 31, 2013, the Compensation and Corporate Governance Committee approved the payment of an aggregate of $330,353 in bonuses to the Named Executive Officers. For fiscal 2013, bonuses were determined by the Compensation and Corporate Governance Committee on the basis of a combination of two elements: (i) the progress achieved in respect of the projects, targets and financial performance-related objectives of the Corporation, as well as the implementation of the business plan and various strategies, such as the attainment of sales, production cost-cutting, technology deployment and brand recognition objectives; and (ii) the Named Executive Officer's individual contribution to the foregoing positive results.

The following table shows the personal and corporate objectives for each of the Named Executive Officers for the fiscal year ended March 31, 2013, expressed as a percentage of base salary:

NAME	PERCENTAGE OF BASE SALARY AS BONUS	PERSONAL OBJECTIVES (20%)	CORPORATE OBJECTIVES (80%)
Claude Mc Master	50%	• Increase global sales of the Corporation • Achievement of personal objectives by management team	• Sign new commercial theatres • Increase net income before non-cash items
Luc Audet	30%	• Setting and achieving budgets • Establishment of internal controls, tools and structures to contribute to the achievement of corporate objectives	
Philippe Roy	45%	• Increase sales in the commercial theatre segment • Increase content offered to customers	
Sylvain Trottier	20%	• Reduce product returns that are under warranty • Improve reliability and availability of products	

Long-Term Incentive Plans

The Corporation provides long-term incentive compensation to the Named Executive Officers through the Stock Option Plan.

Stock Option Plan

The Corporation provides long-term incentive compensation to its Named Executive Officers through the Stock Option Plan. The Compensation and Corporate Governance Committee recommends the granting of Options from time to time based on

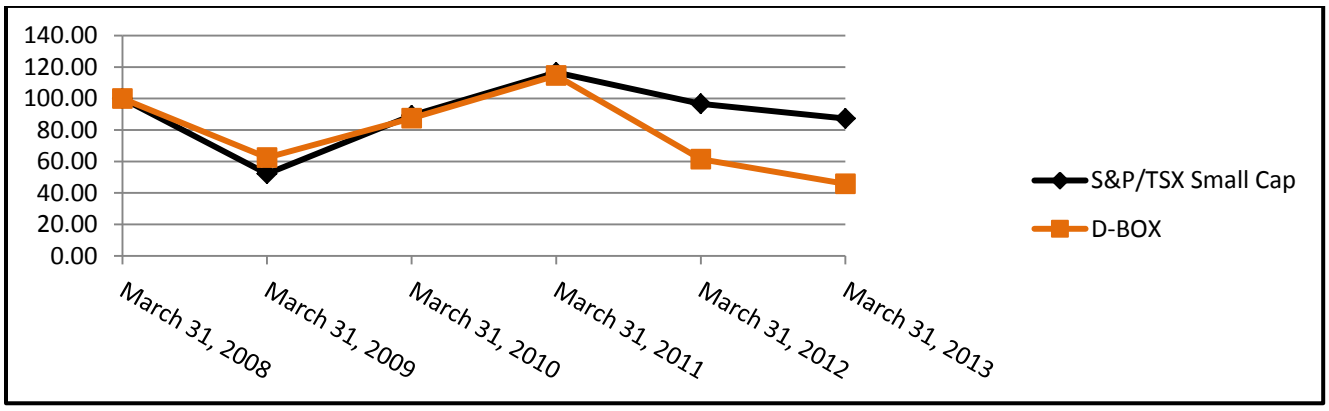
its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of Options already outstanding and overall market conditions. The Compensation and Corporate Governance Committee views the granting of Options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Compensation and Corporate Governance Committee does not grant Options in excessively dilutive numbers or at exercise prices not reflective of the Corporation's underlying value. During the fiscal year ended March 31, 2013, the Compensation and Corporate Governance Committee recommended the granting of Options in respect of a total of 550,000 Class A common shares to the Named Executive Officers which are detailed in the table entitled "Incentive Plan Awards" on page 14. See "**Stock Option Plan**" for a description of the material aspects of the Stock Option Plan.

Group Benefits/Perquisites

The officers of the Corporation have the option to benefit from life, medical and long-term disability insurance. None of the officers benefits from any retirement plan. All such benefits are offered to the Corporation's employees.

Performance Graph

The line graph below illustrates the cumulative total shareholder return over the five most recently completed financial years of the Corporation, assuming that $100 was invested at the closing price on March 31, 2008, compared with the cumulative total return of the same amount invested in the S&P / TSX SmallCap Index since March 31, 2009 (assuming all dividends are reinvested).



FISCAL ENDED MARCH 31	2008	2009	2010	2011	2012	2013
S&P/TSX SmallCap	$100	$52.18	$89.20	$116.62	$96.68	$87.25
D-BOX	$100	$62.50	$87.50	$114.58	$61.46	$45.83

The total compensation of named executive officers, as represented in the summary compensation table, is composed, in part, of stock options that have a value that does not represent cash received by the named executive officer. These stock options have a value at risk and may even be equal to zero. The amount of total compensation does not represent the real cash compensation earned by the named executive officer. Long-term compensation is highly dependent on the trading price of the Corporation's shares. Taking into account the above, the actual level of these individuals' compensation is closely linked to the performance of the Corporation's shares.

It is also important to note that the trading price depends on several factors that are beyond the Corporation's control, such as investors' perceptions in relation to the future of the Corporation's industry and unfavorable economic conditions, to only name a few.

The Compensation and Corporate Governance Committee may take into account the trading price in its annual evaluation, but this factor alone cannot be used to draw proper conclusions with respect to the compensation of named executive officers. Other factors to be carefully considered by members of the Compensation and Corporate Governance Committee include the

achievement of financial goals that are set on an annual basis, the significant increase in total sales of the Corporation, which rose from $3,625,000 as at March 31, 2008 to $14,253,000 as at March 31, 2013, and development of new markets since March 31, 2007, such as industrial simulation, casinos, virtual training and commercial theatres.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation and Corporate Governance Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation and Corporate Governance Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers

The following table provides information for the fiscal years ended March 31, 2013, 2012 and 2011, regarding compensation paid to or earned by the Named Executive Officers.

Summary Compensation Table

Name and Principal Occupation	Year	Salary[1] ($)	Share-Based Awards[2] ($)	Option-Based Awards[3][4] ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value[6] ($)	All other Compensation[7] ($)	Total Compensation[8] ($)
					Annual Incentive Plans[5]	Long-Term Incentive Plans			
Claude Mc Master President and Chief Executive Officer	2013	234,600	n/a	31,542	135,482	n/a	n/a	4,002	405,626
	2012	234,600	n/a	764,274	42,228	n/a	n/a	n/a	1,041,102
	2011	230,000	n/a	144,569	177,994	n/a	n/a	n/a	552,563
Luc Audet Chief Financial Officer	2013	178,500	n/a	21,028	61,583	n/a	n/a	3,673	264,784
	2012	178,500	n/a	203,806	20,884	n/a	n/a	n/a	403,190
	2011	175,000	n/a	—	38,115	n/a	n/a	n/a	213,115
Philippe Roy Chief Business Development Officer	2013	193,800	n/a	21,028	99,419	n/a	n/a	n/a	314,247
	2012	193,800	n/a	203,806	29,651	n/a	n/a	n/a	427,257
	2011	190,000	n/a	—	61,180	n/a	n/a	n/a	251,180
Sylvain Trottier Vice-President, Operations	2013	147,900	n/a	46,319	33,869	n/a	n/a	n/a	228,088
	2012	147,900	n/a	101,903	10,057	n/a	n/a	n/a	259,860
	2011	145,000	n/a	—	19,604	n/a	n/a	n/a	164,604

(1) This column discloses the actual salary earned during the fiscal year indicated.
(2) The Corporation does not have a share-based compensation plan.
(3) This column discloses the total fair value of stock options granted to the Named Executive Officers during the fiscal year indicated. The exercise price of the stock options granted to the Named Executive Officers during the fiscal year ended March 31, 2013 was $0.28 with respect to stock options granted on April 19, 2012, $0.32 with respect to stock options granted on July 11, 2012, and $0.33 with respect to stock options granted on August 24, 2012. The fair value of these options was calculated on the award date in accordance with International Financial Reporting Standards 2 ("IFRS 2") using the Black-Scholes option pricing model and the following assumptions for 2013: with respect to stock options granted on April 19, 2012, risk-

free interest rate of 1.63%, no dividend, volatility factor of 97.9% for the market price for shares of the Corporation, cancellation rate of 3.39%; and option term of 5 years; with respect to stock options granted on July 11, 2012, risk-free interest rate of 1.25%, no dividend, volatility factor of 97.3% for the market price for shares of the Corporation, cancellation rate of 3.31%; and option term of 5 years; with respect to stock options granted on August 24, 2012, risk-free interest rate of 1.44%, no dividend, volatility factor of 97.6% for the market price for shares of the Corporation, cancellation rate of 3.27%; and option term of 5 years. **These fair values do not represent cash received by the Named Executive Officer. These amounts are at risk and may even be equal to zero.**

(4) The Black-Scholes model was retained by the Corporation as it is the stock option pricing method most widely adopted and used.
(5) The amounts disclosed in the column are granted as annual cash bonuses and are attributable in the fiscal year indicated.
(6) The Corporation does not have a retirement plan.
(7) The amounts shown in the column represent compensation for private insurance premiums.
(8) **The total compensation value does not represent the real cash compensation earned by the Named Executive Officer during this period.**

Incentive Plan Awards

The following table sets out the details of all Options held by the Named Executive Officers as at March 31, 2013.

	Option-Based Awards				Share-Based Awards[2]	
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options[1] ($)**	**Number of Shares or Units of Shares That Have not Vested (#)**	**Market or Payout Value of Share-based Awards That Have not Vested[2] ($)**
Claude Mc Master	1,250,000 1,417,800 555,911 1,500,000 150,000	0.23 0.42 0.38 0.65 0.28	March 12, 2014 March 25, 2020 July 14, 2020 April 19, 2021 April 19, 2022	— — — — —	n/a	n/a
Luc Audet	200,000 100,000 302,550 400,000 100,000	0.32 0.23 0.42 0.65 0.28	October 7, 2013 March 12, 2014 March 25, 2020 April 19, 2021 April 19, 2022	— — — — —	n/a	n/a
Philippe Roy	100,000 302,550 400,000 100,000	0.23 0.42 0.65 0.28	March 12, 2014 March 25, 2020 April 19, 2021 April 19, 2022	— — — —	n/a	n/a
Sylvain Trottier	100,000 50,000 140,000 200,000 100,000 100,000	0.45 0.23 0.42 0.65 0.28 0.33	April 3, 2013 March 12, 2014 March 25, 2020 April 19, 2021 April 19, 2022 August 24, 2022	— — — — — —	n/a	n/a

(1) This column sets out the aggregate value of in-the-money unexercised options as at March 31, 2013, calculated based on the difference between the market price of the common shares underlying the Options as at March 29, 2013 ($0.225), the last trading day of the fiscal year ended March 31, 2013, and the exercise price of the Options.
(2) The Corporation does not have a share-based compensation plan.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each NEO, the value of option-based awards and share-based awards which vested during the fiscal year ended March 31, 2013 and the value of non-equity incentive plan compensation earned during the fiscal year ended March 31, 2013.

Name	Option-Based Awards – Value Vested During the Year[1] ($)	Share-Based Awards – Value Vested During the Year[2] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Claude Mc Master	—	n/a	135,482
Luc Audet	—	n/a	61,583
Philippe Roy	—	n/a	99,419
Sylvain Trottier	—	n/a	33,869

(1) Calculated based on the difference between the market price of the shares underlying the Options at the vesting date and the exercise price of the Option on the vesting date.
(2) The Corporation does not have a share-based compensation plan.

Termination and Change of Control Benefits

Employment Agreement with Claude Mc Master

The Corporation has entered into an employment agreement for an indeterminate term with Claude Mc Master, President and Chief Executive Officer of the Corporation. In addition to his base salary, Mr. Mc Master is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Mc Master's remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Mc Master has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Mc Master's employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to two times his compensation, that is his base salary for the current year and an amount corresponding to the average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively "**Mr. Mc Master's compensation**"). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to three times Mr. Mc Master's compensation. The amount that would have been payable to Mr. Mc Master if a change of control had taken place on March 31, 2013 would have been $970,365 and the amount that he would have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2013 would have been $646,910.

Employment Agreement with Luc Audet

The Corporation has entered into an employment agreement for an indeterminate term with Luc Audet, Chief Financial Officer of the Corporation. In addition to his base salary, Mr. Audet is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Audet's remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Audet has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Audet's employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to his base salary for the current year, plus an amount corresponding to the average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively "**Mr. Audet's compensation**"). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to twice Mr. Audet's compensation. The amount that would have been payable to Mr. Audet if a change of control had taken place on March 31, 2013 would have been $439,467 and the amount that he would have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2013 would have been $219,734.

Employment Agreement with Philippe Roy

The Corporation has entered into an employment agreement for an indeterminate term with Philippe Roy, Chief Business Development Officer of the Corporation. In addition to his base salary, Mr. Roy is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Roy's remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Roy has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Roy's employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to one and a half times his compensation, that is his base salary for the current year and an amount corresponding to the average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively "**Mr. Roy's compensation**"). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to twice Mr. Roy's compensation. The amount that would have been payable to Mr. Roy if a change of control had taken place on March 31, 2013 would have been $516,670 and the amount that he would

have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2013 would have been $387,503.

Employment Agreement with Sylvain Trottier

The Corporation has entered into an employment agreement for an indeterminate term with Sylvain Trottier, Vice-President, Operations of the Corporation. In addition to his base salary, Mr. Trottier is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Trottier's remuneration is reviewed annually by the President of the Corporation and Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Trottier has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Trottier's employment without reasonable cause, including a change of control of the Corporation, he is entitled to receive payment in an amount equal to one month of his base salary per year of service completed, with a minimum of three months and a maximum of twelve months being payable. The amount that would have been payable to Mr. Trottier if the Corporation had terminated his employment without reasonable cause as at March 31, 2013, or if a change of control had taken place on March 31, 2013, would have been $73,950.

Director Compensation

The independent directors of the Corporation are compensated as follows:

- Independent directors receive options equal to 40,000 Class A Common Shares every year. Options granted to directors vest in equal proportions over a three (3) year period;
- Independent directors receive fees of $6,000 per year, and, in addition to such amount, independent directors receive meeting fees of $1,000 per Board meeting and for each meeting of a Board Committee; such amount is reduced to $750 for meetings in which the director participates by conference call; and
- In addition to the amounts mentioned hereinabove, the Chairman of the Board receives additional fees in an amount of $18,000 per year and receives additional options equal to 80,000 Class A Common Shares every year. Such options vest in equal proportions over a three (3) year period. The Chair of each Board Committee, with the exception of the Strategic Committee, receives additional fees in an amount of $2,000 per year.

The options were granted pursuant to the Stock Option Plan to the directors as set out below, the material terms and conditions of which are set out on page 18 under "Stock Option Plan".

The following table sets out the details of the compensation of the independent directors of the Corporation as at March 31, 2013.

Name	Fees earned[1] ($)	Share-based awards[2] ($)[1]	Option-based awards ($)	Non-equity incentive plan compensation[3] ($)	Pension value[4] ($)	All other compensation[5] ($)	Total[6] ($)
Louis Brunel	23,500	n/a	20,233	n/a	n/a	n/a	43,733
Élaine C. Phénix	19,250	n/a	10,116	n/a	n/a	n/a	29,366
Strath Goodship	8,500	n/a	10,116	n/a	n/a	n/a	18,616
Pierre Mc Master	12,750	n/a	10,116	n/a	n/a	n/a	22,866
Jean Colbert	12,000	n/a	10,116	n/a	n/a	n/a	22,116
Richard Soly	13,750	n/a	10,116	n/a	n/a	n/a	23,866
Jean-Pierre Desrosiers	10,750	n/a	—	n/a	n/a	n/a	10,750
Total	**100,500**	**n/a**	**70,813**	**n/a**	**n/a**	**n/a**	**171,313**

(1) This amount represents annual fees earned by the director.
(2) The Corporation does not have a share-based compensation plan.
(3) The Corporation does not have a non-equity incentive plan.
(4) The Corporation does not have a pension plan.
(5) The Corporation does not offer any other type of compensation to the directors.
(6) **The total compensation value does not represent the real cash compensation earned by the independent director during this period.**

Incentive Plan Awards

The following table sets out the details of all grants of Options to the independent directors of the Corporation as at March 31, 2013.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options[1] ($)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-based awards that have not Vested[2] ($)
Louis Brunel	30,000 200,000 80,000	0.30 0.47 0.33	August 20, 2013 August 25, 2019 August 24, 2022	—	n/a	n/a
Jean Colbert	12,000 100,000 40,000	0.23 0.47 0.33	March 11, 2014 August 25, 2019 August 24, 2022	—	n/a	n/a
Élaine C. Phénix	30,000 100,000 40,000	0.30 0.47 0.33	August 20, 2013 August 25, 2019 August 24, 2022	—	n/a	n/a
Strath Goodship	30,000 100,000 40,000	0.30 0.47 0.33	August 20, 2013 August 25, 2019 August 24, 2022	—	n/a	n/a
Pierre Mc Master	30,000 100,000 40,000	0.30 0.47 0.33	August 20, 2013 August 25, 2019 August 24, 2022	—	n/a	n/a
Richard Soly	100,000 40,000	0.47 0.33	August 25, 2019 August 24, 2022	—	n/a	n/a
Jean-Pierre Desrosiers	100,000	0.56	November 11, 2020	—	n/a	n/a

(1) This column sets out the aggregate value of in-the-money unexercised options as at March 31, 2013, calculated based on the difference between the market price of the common shares underlying the Options as at March 29, 2013 ($0.225), the last trading day of the fiscal year ended March 31, 2013, and the exercise price of the Options.
(2) The Corporation does not have a share-based compensation plan.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table outlines, for each independent director, the value of option-based awards and share-based awards which vested during the year ended March 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended March 31, 2013.

Name	Option-Based Awards – Value Vested During the Year[1] ($)	Share-Based Awards – Value Vested During the Year[2] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Louis Brunel	—	n/a	n/a
Jean Colbert	—	n/a	n/a
Élaine C. Phénix	—	n/a	n/a
Strath Goodship	—	n/a	n/a
Pierre Mc Master	—	n/a	n/a
Richard Soly	—	n/a	n/a
Jean-Pierre Desrosiers	—	n/a	n/a

(1) Calculated based on the difference between the market price of the shares underlying the Options at the vesting date and the exercise price of the Option on the vesting date.
(2) The Corporation does not have a share-based compensation plan.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at March 31, 2013, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	12,381,811	$0.44	3,996,301
Equity compensation plans not previously approved by shareholders	n/a	n/a	n/a

The options referred to in the table above were granted under the Stock Option Plan. See "Stock Option Plan" on page 18 below for a description of the material features of the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at July 15, 2013, none of the executive officers, directors, nominees for election as director, employees or former executive officers, directors or employees of the Corporation or any of its subsidiaries were indebted to the Corporation or any of its subsidiaries and, as at the same date, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof.

None of the: (i) persons who are or who were, at any time during the fiscal year ended March 31, 2013, directors or executive officers of the Corporation; (ii) proposed nominees for election as a director of the Corporation; or (iii) associates of any such director, executive officer or proposed nominee, were, at any time during the fiscal year ended March 31, 2013, indebted to: (a) the Corporation or any of its subsidiaries; or (b) another entity, if such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof, other than "routine indebtedness" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

AUDIT COMMITTEE INFORMATION

Reference is made to the section entitled "Audit Committee" of the Corporation's Annual Information Form for the fiscal year ended March 31, 2013 for required disclosure relating to the Audit Committee. The Annual Information Form is available on SEDAR at www.sedar.com and can be obtained by contacting the Secretary of the Corporation at 2172 de la Province Street, Longueuil, Québec, J4G 1R7, or by telephone at (450) 442-3003.

APPOINTMENT AND REMUNERATION OF AUDITORS

Ernst & Young LLP have served as the auditors of the Corporation since February 4, 2004. Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Ernst & Young LLP as the auditors of the Corporation until the following annual meeting of the shareholders, at such remuneration as may be determined by the Board of Directors.

STOCK OPTION PLAN

In 1999, the Board of Directors of the Corporation established the Stock Option Plan (the "**1999 Plan**") for the directors, officers and employees of, and consultants to, the Corporation and its subsidiaries. This plan was amended a few times over the years, in particular: (i) to ensure that the maximum number of Class A common shares that may be issued under the 1999

Plan is equal to 10% of the total number of issued and outstanding common shares, and (ii) to extend the maximum term of options that may be granted under the 1999 Plan to 10 years.

On June 16, 2011, the Board of Directors proceeded to repeal the 1999 Plan and to adopt a new stock option plan (the "**2011 Plan**"), which was approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on August 24, 2011. All of the options that were granted under the 1999 Plan and were issued and outstanding as at August 24, 2011 were carried over to the 2011 Plan.

The following points summarize, as at July 15, 2013, the options granted and exercised since the 1999 Plan was created:

(a) the Corporation has issued 5,193,506 Class A common shares following the exercise of options, corresponding to 3.4% of the currently issued and outstanding Class A common shares of the Corporation;

(b) the number of securities that are issuable under the 2011 plan is 16,378,112 Class A common shares, corresponding to 10% of the currently issued and outstanding Class A common shares of the Corporation;

(c) the total number of securities that are issuable under actual grants made is 13,975,311 Class A common shares, corresponding to 8.5% of the currently issued and outstanding Class A common shares of the Corporation.

The material terms and conditions of the 2011 Plan are as follows:

(i) the Board of Directors of the Corporation may grant options to employees, officers and directors of, and consultants to, the Corporation and its subsidiaries;

(ii) the maximum number of Class A common shares in respect of which options may be outstanding when the 2011 Plan is adopted, together with shares reserved for issuance or covered by stock options under all other share-based compensation agreements of the Corporation, must not exceed ten percent (10%) of the shares issued and outstanding at that time;

(iii) an option may be granted to an option holder under the Plan only if the total number of Class A common shares (a) that are issued in favour of the Corporation's "insiders" during any one-year period and (b) that may be issued in favour of such "insiders" at any time under the Plan or combined with all other share-based compensation agreements of the Corporation, does not exceed ten percent (10%) of the total number of issued and outstanding Class A shares;

(iv) the exercise price of options is determined by the Board of Directors at the time options are granted, but may not be less than the weighted-average price of all the Class A common shares of the Corporation traded on the Toronto Stock Exchange during the five days immediately preceding the day on which an option is granted;

(v) the vesting period in respect of options is established by the Board of Directors at the time options are granted. If the vesting schedule is not established at the time an option is granted, such option will be deemed to vest over a period of 36 months in three equal installments of 33⅓% vesting at 12-month intervals;

(vi) options expire on the date set by the Board of Directors at the time options are granted, which date may not be more than 10 years after the grant date. Nonetheless, if an option expires during a period in which the Corporation has prohibited option holders from trading shares under policies it has adopted (a "**Blackout Period**"), or within 10 business days from the expiration of a Blackout Period, the term of the option is automatically extended for a period of 10 business days immediately following the Blackout Period (the "**Extension due to a Blackout Period**");

(vii) options under the 2011 Plan are not transferable, other than by will or the laws of succession of the domicile of the deceased option holder;

(viii) if there is a break in an option holder's employment relationship with the Corporation or if the services an option holder renders the Corporation terminate for a serious reason, options not exercised at the time of such break or termination will immediately terminate;

(ix) if an option holder dies or is, in the opinion of the Board of Directors, stricken with a permanent disability, only the vested options he holds in respect of the number of common shares at the time of death or permanent disability, as the case may be, may be exercised and only during a period of one year following the date of death or permanent disability or before the expiration of the option, whichever occurs first, after which the option is null and void;

(x) if an option holder ceases to be eligible under the 2011 Plan following his resignation, any vested option he holds may be exercised during a period of 30 days following the date on which he ceases to be eligible, after which the option is null and void;

(xi) if there is a break in the option holder's employment relationship with the Corporation, or if his office or function with the Corporation ends or the services he renders the Corporation terminate for any reason other than his death, permanent disability, dismissal for just cause or resignation, the vested options he holds in respect of the number of common shares at the time of such break, ending or termination may be exercised during a period of 90 days following the date of such break, ending or termination or before the expiration of the option, whichever occurs first, after which the option is null and void;

(xii) the 2011 Plan does not offer option holders financial assistance from the Corporation;

(xiii) in the event that an offer is made to purchase all of the then-issued and outstanding Class A common shares of the Corporation, all outstanding options under the 2011 Plan may be exercised upon receipt of a notice of such offer from the Corporation, regardless of their vesting period, in order to allow option holders to tender their shares in response to such offer;

(xiv) the approval of the shareholders of the Corporation is required for the following amendments to the 2011 Plan: (a) amendments to the number of shares that may be issued under the 2011 Plan, including an increase in the maximum percentage or in the number of shares; (b) any amendment to the 2011 Plan serving to lengthen the Extension due to a Blackout Period; (c) any amendment designed to reduce the exercise price or purchase price of an option held by an "insider" of the Corporation; (d) any amendment extending the term of an option held by an "insider" of the Corporation beyond the initial expiration date, unless authorization to the contrary is provided for under the 2011 Plan; (e) amendments that must be approved by shareholders under the applicable laws (in particular, the rules, regulations and policies of the Toronto Stock Exchange);

(xv) the Board of Directors of the Corporation may make the following types of amendments to the 2011 Plan without obtaining the approval of the shareholders of the Corporation: (a) amendments of an "administrative" nature, namely any modification in respect of internal management or administrative amendments, in particular, without limiting the general scope of the foregoing, any amendment designed to correct an ambiguity, error or omission in the 2011 Plan or to correct or add to a provision of the 2011 Plan that is incompatible with another provision of the Plan; (b) amendments necessary to ensure compliance with the applicable laws (in particular, the rules, regulations and policies of the Toronto Stock Exchange); (c) amendments required so that options are eligible for more favourable treatment under applicable tax legislation; (d) any amendment relating to the administration of the 2011 Plan; (e) any amendment to the vesting provisions of the 2011 Plan or an option, it being understood that in case of an amendment to the vesting provision of an option, the Board of Directors is not required to amend the vesting terms and conditions of any other option; (f) any amendment designed to reduce the exercise price or purchase price of an option held by an option holder who is not an "insider" of the Corporation; (g) any amendment to the provisions in respect of early termination of the 2011 Plan or an option, whether or not such option is held by an "insider" of the Corporation and provided such amendment does not result in an extension of the period beyond the initial expiration date; (h) the addition of a form of financial assistance offered by the Corporation for the acquisition of shares under the 2011 Plan by all or some categories of eligible participants and the subsequent amendment of such provisions; (i) the addition or amendment of a characteristic of exercise without disbursement, payable in cash or in shares of the Corporation; (j) amendments required to suspend or terminate the 2011 Plan; and (k) any other amendment, whether fundamental or not, that does not require the approval of the shareholders under the applicable laws;

(xvi) if the Corporation is required under the Canadian *Income Tax Act* or another applicable law to remit an amount to a government authority as income tax on the value of a taxable benefit associated with the exercise of an option by an option holder, the option holder, upon the exercise of an option, must, as the case may be:

(a) pay the Corporation, in addition to the option exercise price, sufficient cash, as determined by the Corporation at its sole discretion, in order to amass the amount needed to finance the required tax remittance;

(b) authorize the Corporation, on behalf of the option holder, to sell on the market, according to the terms and conditions and at the times determined by the Corporation at its sole discretion, the portion of the shares to be issued upon exercise of the option to generate sufficient cash proceeds to finance the required tax remittance;

(c) take other measures that the Corporation deems acceptable, at its sole discretion, to finance the required tax remittance.

Shareholders may obtain the full text of the 2011 Plan by requesting it from the Secretary of the Corporation. Shareholders that wish to obtain a copy of the 2011 Plan may do so by contacting the director of legal affairs of the Corporation at 2172 de la Province Street, Longueuil (Québec) J4G 1R7 or by calling (450) 442-3003.

CONSOLIDATION OF SHARES

As at July 15, 2013, there were 163,781,129 issued and outstanding Class A common shares of the Corporation. The Corporation considers that without a share consolidation, it may be more difficult for the Corporation to effect future financings.

Accordingly, shareholders will be asked to approve a special resolution in the form annexed hereto as Schedule A (the "**Special Resolution**"), authorizing, if deemed advisable by the Board of Directors, an amendment to the Articles of the Corporation so as to consolidate the issued and outstanding Class A common shares of the Corporation on the basis of one share for a maximum of every ten Class A common shares issued and outstanding (the "**Share Consolidation**"). In order to be adopted, the Special Resolution must be approved by at least two-thirds of the votes cast by the holders of the Class A common shares, either present in person or represented by proxy at the Meeting. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Special Resolution.**

If the Special Resolution is adopted by the shareholders, Articles of Amendment will be filed if and when deemed advisable by the Board of Directors in its discretion, but in no case later than twelve months from the date of the Meeting. In such event, subject to the maximum referred to above, the determination of the basis for the consolidation will be at the discretion of the Board of Directors. Notwithstanding the foregoing, the Special Resolution authorizes the Board of Directors to abandon the proposed amendment to the Articles of the Corporation without further approval from the shareholders. Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Special Resolution. The amendment of the Articles will not have any effect on the operations of the Corporation.

If the Share Consolidation would result in a Registered Shareholder holding a fraction of a share, no fraction or fractional share or certificate will be issued. In the event that the Share Consolidation would result in a Registered Shareholder of the Corporation holding a fraction of a Class A common share, such fractional common share shall be rounded down to the nearest whole number of Class A common shares and any fractional Class A common share post Share Consolidation will be cancelled without payment of any consideration. In all other respects, the post-consolidation Class A common shares will have the same attributes as the existing Class A common shares. The Share Consolidation will not change a shareholder's proportionate interest in the Corporation, even though such ownership will be represented by a smaller number of Class A common shares.

The principal effect of the Share Consolidation will be that the number of Class A common shares issued and outstanding will be reduced from 163,781,129 Class A common shares as of July 15, 2013 to between 81,890,564 and 16,378,112 Class A common shares, depending on the ratio selected by the Board of Directors. The following table sets out the percentage reduction in the number of outstanding Class A common shares and the number of Class A common shares that would be outstanding as a result of a consolidation at the ratios indicated:

Proposed Consolidation Ratio	Percentage Reduction in Number of Outstanding Class A Common Shares	Number of Outstanding Class A Common Shares Post-Consolidation
1 for 2	50%	81,890,564
1 for 5	80%	32,756,225
1 for 10	90%	16,378,112

In general, the Share Consolidation will not be considered to result in a disposition of Class A common shares by shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a shareholder for such purposes of all Class A common shares held by the shareholder will not change as a result of the Share Consolidation; however, the shareholder's adjusted cost base per Class A common share will increase proportionately.

There can be no assurance however that the total market capitalization of the Corporation (the aggregate value of all Class A common shares at the market price then in effect) immediately after the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the Class A common shares following the Share Consolidation will equal or exceed the direct arithmetical result of the Share Consolidation. In addition, a decline in the market price of the Class A common shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a Share Consolidation and the liquidity of the Class A common shares could be adversely affected.

In addition to the issued and outstanding Class A common shares, the Class A common shares currently reserved for issuance by the Corporation will be adjusted to give effect to the Share Consolidation, such that the number of consolidated Class A common shares issuable will equal the number obtained when the number of Class A common shares issuable is divided by the conversion number and the exercise prices of outstanding stock options to purchase consolidated Class A common shares will equal the price obtained by multiplying the existing exercise price by the conversion number.

If the Special Resolution is passed at the Meeting and the Board of Directors decides to proceed with the Share Consolidation, the Corporation will announce that it is proceeding with the consolidation. Registered Shareholders should then, at that time, complete, sign and return the Letter of Transmittal that will be sent to such registered holders, along with the share certificate(s) representing their pre-consolidation Class A common shares, to Computershare Investor Services Inc. at one of the addresses in the Letter of Transmittal. Upon receipt of a properly-completed and signed Letter of Transmittal and the share certificate(s) referred to in the Letter of Transmittal, the Corporation will arrange to have a new share certificate representing the appropriate number of post-consolidation Class A common shares delivered in accordance with the instructions provided by the holder in the Letter of Transmittal. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his current issued certificates. Until surrendered, each share certificate formerly representing old Class A common shares shall be deemed for all purposes to represent the number of new Class A common shares to which the holder is entitled as a result of the Share Consolidation.

If your Class A common shares are registered in the name of a nominee (e.g. a trust company, securities broker, or other financial institution), you will not receive a Letter of Transmittal and you should contact your nominee to determine if you need to do anything to effect the consolidation of your Class A common shares.

CONFIRMATION OF AMENDMENT TO BY-LAW No. 1 OF THE CORPORATION – ADVANCE NOTICE REQUIREMENT FOR THE NOMINATION OF DIRECTORS

On June 18, 2013, the Board of Directors adopted an amendment to By-Law No.1 of the Corporation (the "**Amendment**"). The Amendment is annexed as Schedule C to this Circular. At the Meeting, shareholders will be asked to consider a resolution, annexed to this Circular as Schedule B, confirming the Amendment.

The Amendment provides a clear process for shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information. The purpose of the Amendment is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the Amendment should assist in facilitating an orderly and efficient meeting process.

The Amendment includes a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Corporation other than pursuant to (i) a requisition to call a shareholders' meeting made pursuant to the provisions of the Canada Business Corporations Act, or (ii) a shareholder proposal made pursuant to the provisions of the Canada Business Corporations Act.

Among other things, the Amendment fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets out the information that a shareholder must include in the notice to the Corporation in order for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The above is a summary of the Amendment; shareholders are urged to review the Amendment in its entirety.

The Amendment entered into effect on June 18, 2013, when it was adopted by the Board of Directors. In order to remain in effect, the Amendment must be confirmed by shareholders at the Meeting, by ordinary resolution. If the Amendment is not confirmed by shareholders at the Meeting, it will cease to have effect. The Board of Directors recommends that shareholders vote FOR the resolution confirming the Amendment, annexed to this Circular as Schedule B. **The persons designated in the accompanying form of proxy will vote FOR the resolution confirming the Amendment, unless the shareholder gives instructions in the form of proxy to vote against it.**

ADOPTION OF SHAREHOLDER RIGHTS PLAN

In June, 2013, the Board of Directors of the Corporation adopted, subject to regulatory approval, the Shareholder Rights Plan (the "**Rights Plan**"). The Rights Plan was adopted to: (i) provide shareholders and the Board of Directors with adequate time to consider and evaluate any take-over bid made for the outstanding shares of the Corporation; (ii) provide the Board of Directors with adequate time to identify, develop and negotiate value-enhancing alternatives to any such take-over bid; (iii) encourage the fair treatment of shareholders in connection with any take-over bid made for the outstanding shares of the Corporation; and (iv) generally prevent any person from acquiring beneficial ownership of or the right to vote more than 20% of the outstanding shares of the Corporation (or where such person already owns more than 20% of the shares, from acquiring ownership of or the right to vote any additional shares) while this process is ongoing or entering into arrangements or relationships that have a similar effect.

The following is a summary of the features of the Rights Plan. The summary is qualified in its entirety by the full text of the Rights Plan, a copy of which is available on SEDAR at www.sedar.com and can be obtained by contacting the Secretary of the Corporation at 2172 de la Province Street, Longueuil, Québec, J4G 1R7, or by telephone at (450) 442-3003. All capitalized terms used in this summary without definition have the meanings attributed to them in the Rights Plan unless otherwise indicated.

Issuance of Rights

The Board of Directors has authorized, subject to regulatory approvals, the issue on June 18, 2013 of one Right in respect of each Class A common share outstanding at the close of business on June 18, 2013, the date of implementation of the Rights Plan. The Board of Directors will also authorize the issue of one Right for each Class A common share issued after such date and prior to the earlier of the Separation Time and the Expiration Time. Each Right entitles the registered holder thereof to purchase from the Corporation one Class A common share at the exercise price equal to four times the Market Price of the Class A common share, subject to adjustment and certain anti-dilution provisions (the "**Exercise Price**"). The Rights are not exercisable until the Separation Time. If a Flip-in Event occurs, each Right will entitle the registered holder thereof to receive, upon payment of the Exercise Price, Class A common shares having an aggregate market price equal to twice the Exercise Price.

The Corporation is not required to issue or deliver Rights, or securities upon the exercise of Rights, outside Canada where such issuance or delivery would be unlawful without registration of the relevant Persons or securities. If the Rights Plan would require compliance with securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors may establish procedures for the issuance to a Canadian resident fiduciary of such securities, to hold such Rights or other securities in trust for the Persons beneficially entitled to them, to sell such securities, and to remit the proceeds to such Persons.

Trading of Rights

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the Class A common shares and will be transferable only together with the associated Class A common shares. From and after the Separation Time, separate certificates evidencing the Rights ("**Rights Certificates**") will be mailed to holders of record of Class A common shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of Class A common shares issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities ("**Convertible Securities**") convertible into or exchangeable for Class A common shares. The Rights will trade separately from the Class A common shares after the Separation Time.

Separation Time

The Separation Time is the close of business on the tenth Trading Day after the earlier of (i) the "Stock Acquisition Date", which is generally the first date of public announcement of facts indicating that a Person has become an Acquiring Person; and (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such. In each case, the Separation Time can be such later date as may from time to time be determined by the Board of Directors. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it shall be deemed never to have been made.

Acquiring Person

In general, an Acquiring Person is a Person who is or becomes the Beneficial Owner of 20% or more of the outstanding Class A common shares. Excluded from the definition of "Acquiring Person" are the Corporation and its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding Class A common shares as a result of one or more or any combination of a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition, a Pro Rata Acquisition or a Voting Share Reduction. The definitions of "Permitted Bid Acquisition", "Exempt Acquisition", "Convertible Security Acquisition", "Pro Rata Acquisition" and "Voting Share Reduction" are set out in the Rights Plan. However, in general:

(a) a "Permitted Bid Acquisition" means an acquisition of Class A common shares made pursuant to a Permitted Bid or a Competing Permitted Bid;

(b) an "Exempt Acquisition" means an acquisition of Class A common shares in respect of which the Board of Directors has waived the application of the Rights Plan, which was made pursuant to a dividend reinvestment plan of the Corporation, which was made pursuant to a distribution by the Corporation of Class A common shares or Convertible Securities made pursuant to a prospectus (provided that the Person does not thereby acquire a greater percentage of the Class A common shares or Convertible Securities so offered than the percentage owned immediately prior to such acquisition), which was made pursuant to a distribution by the Corporation of Class A common shares or Convertible Securities by way of a private placement, or which is made pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval;

(c) a "Convertible Security Acquisition" means an acquisition of Class A common shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition;

(d) a "Pro Rata Acquisition" means an acquisition as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Class A common shares or Convertible Securities on the same pro rata basis as all other holders of common shares of the same class; and

(e) a "Voting Share Reduction" means an acquisition or a redemption by the Corporation of Class A common shares, which by reducing the number of Class A common shares outstanding, increases the percentage of Class A common shares Beneficially Own by a Person.

Also excluded from the definition of "Acquiring Person" are underwriters or members of a banking or selling group acting in connection with a distribution of securities by way of prospectus or private placement, and a Person in its capacity as an Investment Manager, Trust Company, Plan Trustee, Statutory Body, Crown agent or agency or Manager (provided that such Person is not making or proposing to make a Take-over Bid).

Beneficial Ownership

General

In general, a Person is deemed to Beneficially Own Class A common shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the Person's Affiliates (generally, a Person that controls, is controlled by, or under common control with another Person) and Associates (generally, relatives sharing the same residence). Also included are securities which the Person or any of the Person's Affiliates or Associates has the right to acquire within 60 days (other than (i) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution to the public or pursuant to a private placement of securities; or (ii) pursuant to a pledge of securities in the ordinary course of business).

A Person is also deemed to "Beneficially Own" any securities that are Beneficially Owned by any other Person with which the Person is acting jointly or in concert (a "**Joint Actor**"). A Person is a Joint Actor with any Person who is a party to an agreement, arrangement or understanding with the first Person or an Associate or Affiliate thereof to acquire or offer to acquire Class A common shares.

Institutional Shareholder Exemptions from Beneficial Ownership

The definition of "Beneficial Ownership" contains several exclusions whereby a Person is not considered to "Beneficially Own" a security. There are exemptions from the deemed "Beneficial Ownership" provisions for institutional shareholders acting in the ordinary course of business. These exemptions apply to (i) an investment manager ("**Investment Manager**") which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person (a "**Client**"), including the acquisition or holding of securities for non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable securities laws); (ii) a licensed trust company ("**Trust Company**") acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee (a "**Plan Trustee**") of one or more pension funds or plans (a "**Plan**") registered under applicable law; (iv) a Person who is a Plan or is a Person established by statute (the "**Statutory Body**"), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans, or various public bodies; (v) a Crown agent or agency. The foregoing exemptions only apply so long as the Investment Manager, Trust Company, Plan Trustee, Plan, Statutory Body, Crown agent or agency, Manager or Mutual Fund is not then making or has not then announced an intention to make a Take-over Bid, other than an Offer to Acquire Class A common shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions.

A Person will not be deemed to "Beneficially Own" a security because (i) the Person is a Client of the same Investment Manager, an Estate Account or an Other Account of the same Trust Company, or Plan with the same Plan Trustee as another Person or Plan on whose account the Investment Manager, Trust Company or Plan Trustee, as the case may be, holds such security; or (ii) the Person is a Client of an Investment Manager, Estate Account, Other Account or Plan, and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan Trustee, as the case may be.

Exemption for Permitted Lock-up Agreement

Under the Rights Plan, a Person will not be deemed to "Beneficially Own" any Class A common shares where the holder of such Class A common shares or Convertible Securities has agreed to deposit or tender such Class A common shares or Convertible Securities, pursuant to a Permitted Lock-up Agreement, to a Takeover Bid made by such Person or such Person's Affiliates or Associates or a Joint Actor, or such Class A common shares or Convertible Securities have been deposited or tendered pursuant to a Take-over Bid made by such Person or such Person's Affiliates, Associates or Joint Actors until the

earliest time at which any such tendered Class A common shares or Convertible Securities are accepted unconditionally for payment or are taken up or paid for.

A Permitted Lock-up Agreement is essentially an agreement between a Person and one or more holders of Class A common shares and/or Convertible Securities (the terms of which are publicly disclosed and available to the public within the time frames set forth in the definition of Permitted Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender Class A common shares and/or Convertible Securities to the Lock-up Bid and which further (i) permits the Locked-up Person to withdraw its Class A common shares or Convertible Securities in order to deposit or tender the Class A common shares or Convertible Securities to another Take-over Bid or support another transaction at a price or value that exceeds the price under the Lock-Up Bid; or (ii) permits the Locked-up Person to withdraw its Class A common shares or Convertible Securities in order to deposit or tender the Class A common shares or Convertible Securities to another Take-over Bid or support another transaction at an offering price that exceeds the offering price in the Lock-up Bid by as much as or more than a Specified Amount and that does not provide for a Specified Amount greater than 7% of the offering price in the Lock-up Bid. The Rights Plan therefore requires that a Person making a Take-Over Bid structure any lock-up agreement so as to provide reasonable flexibility to the shareholder in order to avoid being deemed the Beneficial Owner of the Class A common shares or Convertible Securities subject to the lock-up agreement and potentially triggering the provisions of the Rights Plan.

A Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price in another Take-Over Bid or other similar limitation on a Locked-up Person's right to withdraw Class A common shares or Convertible Securities so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Class A common shares or Convertible Securities during the period of the other Take-Over Bid or transaction. Finally, under a Permitted Lock-up Agreement, no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in aggregate the greater of (i) 2.5% of the price or value of the consideration payable under the Lock-up Bid, and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-Over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid, can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Class A common shares or Convertible Securities to the Lock-up Bid or withdraws Class A common shares or Convertible Securities previously tendered thereto in order to deposit such Class A common shares or Convertible Securities to another Take-Over Bid or support another transaction.

Flip-in Event

A Flip-in Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-in Event which has not been waived by the Board of Directors occurs (see "Redemption, Waiver and Termination"), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person, an Affiliate or Associate of an Acquiring Person or a Joint Actor (or a transferee of any such Person), which Rights will become null and void) shall constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Class A common shares having an aggregate Market Price on the date of the Flip-in Event equal to twice the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments). For example, if at the time of the Flip-in Event the Exercise Price is $75 and the Market Price of the Class A common shares is $30, the holder of each Right would be entitled to purchase Class A common shares having an aggregate Market Price of $150 (that is, five Class A common shares) for $75 (that is, a 50% discount from the Market Price).

Permitted Bid and Competing Permitted Bid

A Permitted Bid is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

(a) the Take-over Bid is made to all holders of record of Class A common shares, other than the Offeror;

(b) the Take-over Bid contains irrevocable and unqualified conditions that:

(i) no Class A common shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid and the provisions for the take-up and payment for Class A common shares tendered or deposited thereunder shall be subject to such irrevocable and unqualified condition;

(ii) unless the Take-over Bid is withdrawn, Class A common shares may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Class A common shares and all Class A common shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;

(iii) more than 50% of the outstanding Class A common shares held by Independent Shareholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for Class A common shares; and

(iv) in the event that more than 50% of the then outstanding Class A common shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for Class A common shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Class A common shares for not less than 10 Business Days from the date of such public announcement.

A Competing Permitted Bid is a Take-over Bid that is made after a Permitted Bid has been made but prior to its expiry, and that satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 60 days so long as it is open until the later of (i) the earliest date on which Class A common shares may be taken-up or paid for under any earlier Permitted Bid or Competing Permitted Bid that is in existence and (ii) 35 days (or such other minimum period of days as may be prescribed by applicable Canadian provincial securities legislation) after the date of the Take-over Bid constituting the Competing Permitted Bid.

Redemption, Waiver and Termination

Redemption of Rights on Approval of Holders of Class A common shares and Rights. The Board of Directors acting in good faith may, after having obtained the prior approval of the holders of Class A common shares or Rights, at any time prior to the Separation Time, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.001 per Right, appropriately adjusted for anti-dilution as provided in the Rights Plan (the "**Redemption Price**").

Waiver of Inadvertent Acquisition. The Board of Directors acting in good faith may waive or agree to waive the application of the Rights Plan in respect of the occurrence of any Flip-in Event if (A) the Board of Directors has determined that a Person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (B) the Acquiring Person has reduced (or has entered into contractual arrangements with the Corporation to do so) its Beneficial Ownership of Class A common shares such that at the time of waiver the Person is no longer an Acquiring Person.

Deemed Redemption. In the event that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived or has deemed to have waived the application of the Rights Plan consummates the acquisition of the Class A common shares, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.

Discretionary Waiver with Mandatory Waiver of Concurrent Bids. The Board of Directors acting in good faith may, prior to the occurrence of a Flip-in Event as to which application of the Rights Plan has not been waived, upon prior written notice to the Rights Agent, waive the application of the Rights Plan to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Class A common shares. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-in Event occurring by reason of such a Take-over Bid made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.

Discretionary Waiver respecting Acquisition not by Take-over Bid Circular. The Board of Directors acting in good faith may, with the prior consent of the holders of Class A common shares, determine, at any time prior to the occurrence of a Flip-in Event as to which the application of the Rights Plan has not been waived, if such Flip-in Event would occur by reason of an acquisition of Class A common shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to holders of Class A common shares and otherwise than by inadvertence when such inadvertent Acquiring Person has then reduced (or has entered into contractual arrangements with the Corporation to do so) its holdings to below 20%, to waive the application of the Rights Plan to such Flip-in Event. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such a waiver.

Redemption of Rights on Withdrawal or Termination of Bid. Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

If the Board of Directors is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights is to receive the Redemption Price. Within ten Business Days of any such election or deemed election to redeem the Rights, the Corporation will notify the holders of the Class A common shares or, after the Separation Time, the holders of the Rights.

Anti-Dilution Adjustments

The Exercise Price of a Right, the number and kind of securities subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:

(a) if there is a dividend payable in Class A common shares or Convertible Securities (other than pursuant to any optional stock dividend program, divided reinvestment plan or a dividend payable in Class A common shares in lieu of a regular periodic cash dividend) on the Class A common shares;

(b) or a subdivision or consolidation of the Class A common shares;

(c) or an issuance of Class A common shares or Convertible Securities in respect of, in lieu of or in exchange for Class A common shares; or

(d) if the Corporation fixes a record date for the distribution to all holders of Class A common shares of certain rights or warrants to acquire Class A common shares or Convertible Securities, or for the making of a distribution to all holders of Class A common shares of evidences of indebtedness or assets (other than regular periodic cash dividend or a dividend payable in Class A common shares) or rights or warrants.

Supplements and Amendments

The Corporation may make amendments to correct any clerical or typographical error or which are necessary to maintain the validity of the Rights Plan as a result of any change in any applicable legislation, rules or regulation. Any changes made to maintain the validity of the Rights Plan shall be subject to subsequent confirmation by the holders of the Class A common shares or, after the Separation Time, the holders of the Rights.

Subject to the above exceptions, after the Meeting, any amendment, variation or deletion of or from the Rights Plan and the Rights is subject to the prior approval of the holders of Class A common shares, or, after the Separation Time, the holders of the Rights.

The Board of Directors reserves the right to alter any terms of or not proceed with the Rights Plan at any time prior to the Meeting if the Board of Directors determines that it would be in the best interests of the Corporation and its shareholders to do so, in light of subsequent developments.

Expiration

If the Rights Plan is ratified, confirmed and approved at the Meeting, it will become effective immediately following such approval and remain in force until the earlier of the Termination Time (the time at which the right to exercise Rights shall terminate pursuant to the Rights Plan) and the termination of the Corporation's annual meeting of its shareholders held in 2016 unless at or prior to such meeting the Corporation's shareholders ratify the continued existence of the Rights Plan, in which case the Rights Plan would expire at the earlier of the Termination Time and the termination of the Corporation's annual meeting of its shareholders held in 2019.

The Rights Plan is subject to regulatory approval, including that of the Toronto Stock Exchange.

At the Meeting, shareholders will be asked to adopt a resolution in the form annexed hereto as Schedule D, ratifying and confirming the Rights Plan. In order to be adopted, the resolution must be approved by a majority of the votes cast by

shareholders, either present in person or represented by proxy at the Meeting. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the resolution.**

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular, "informed person" of the Corporation means: (a) a director or executive officer of the Corporation: (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation's knowledge, no informed person of the Corporation, and no associate or affiliate of any such person, at any time since April 1, 2012, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since April 1, 2012 that has materially affected the Corporation, in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting, other than the ratification, confirmation and approval of the Stock Option Plan.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "**Proposal**") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated July 15, 2013, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is April 16, 2014.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management, including:

(i) the identity of directors who are independent;

(ii) the identity of directors who are not independent, and the basis for that determination.

The Board of Directors considers that Louis Brunel, Pierre Mc Master, Élaine C. Phénix, Strath Goodship, Richard Soly, Jean Colbert and Jean-Pierre Desrosiers are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

The Board of Directors considers that Claude Mc Master and Philippe Roy are not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees* in that each is a senior officer of the Corporation.

In the event that Mr. Jean Lamarre and Mr. Kit Dalaroy are elected to the Corporation's Board of Directors during the Meeting, the Board of Directors shall consider them as independent within the meaning of Multilateral Instrument 52-110 Audit Committees.

Meetings of the Board of Directors are chaired by its Chairman, Louis Brunel, an independent director. At each Meeting of the Board of Directors, the non-independent directors shall provide an opportunity for the independent directors to meet without the presence of the former. To the best of our knowledge, the independent directors met on their own at least three times in the past year. Independent directors may also communicate with each other through various technological means as required, without non-independent directors and members of management present.

During the period from April 1, 2012 to March 31, 2013, the Board of Directors held six meetings, the Audit Committee held four meetings and the Compensation and Corporate Governance Committee and the Strategic Committee each held one meeting. The following table indicates the number of meetings of the Board of Directors and Board committees attended by the directors:

Name	Number of Board of Directors Meetings Attended	Number of Committee Meetings Attended	Total Number of Meetings Attended
Louis Brunel	6 out of 6 : 100 %	2 out of 2 : 100 %	8 out of 8 : 100 %
Claude Mc Master	6 out of 6 : 100 %	n/a	6 out of 6 : 100 %
Pierre Mc Master	5 out of 6 : 83 %	5 out of 5 : 100 %	10 out of 11 : 91 %
Élaine C. Phénix	6 out of 6 : 100 %	5 out of 5 : 100 %	11 out of 11 : 100 %
Philippe Roy	6 out of 6 : 100 %	n/a	6 out of 6 : 100 %
Strath Goodship	3 out of 6 : 50 %	2 out of 2 : 100 %	5 out of 8 : 63 %
Jean Colbert	6 out of 6: 100 %	1 out of 1 : 100 %	7 out of 7 : 100 %
Richard Soly	5 out of 6 : 83 %	4 out of 4 : 100 %	9 out of 10 : 90 %
Jean-Pierre Desrosiers	4 out of 6 : 67 %	3 out of 5 : 60 %	7 out of 11 : 64 %

In addition, the Board of Directors has developed a written description of the role of the Chairman of the Board, the Chair of each Board Committee and the Chief Executive Officer.

2. Directorships

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

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Élaine C. Phénix	H2O Innovation Inc.
Louis Brunel	Extenway Solutions Inc.

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.

Generally, the Compensation and Corporate Governance Committee is responsible for the adoption of the policies of the Corporation relating to the orientation of new directors and the continuing education of existing directors. However, the Corporation does not currently have a formal orientation program in place for new directors, nor has it taken any measures to provide continuing education for the directors. Upon appointment of any candidate to a position of director on the Board of Directors, the Board will ensure that the candidate possesses the appropriate skills and knowledge to fulfill his or her obligations as a director. The Board will ensure that directors contribute to the growth of the Corporation through their positive experience as a director or senior executive with other public companies, through their expertise in the Corporation's areas of activity, through their financial and strategic development skills, or through their experience in corporate governance and regulatory compliance.

4. Ethical Business Conduct

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

In terms of ensuring ethical business conduct, the Board has adopted a code of business and ethical conduct applicable to all the directors, senior officers and employees of the Corporation as part of its corporate practices. In addition, in terms of the disclosure of information, the Board has adopted a disclosure policy aimed at ensuring that any communication emanating from the Corporation is timely, accurate as regards the underlying facts and disclosed in accordance with applicable regulatory requirements. Finally, the Board has adopted a policy regarding securities transactions effected by insiders aimed at informing the Corporation’s insiders of their responsibilities in this regard and to ensure compliance therewith.

Any employee may obtain a copy of the code of business and ethical conduct by requesting it from his or her immediate supervisor. Directors and the Chief Executive Officer should contact the Chair of the Board of Directors or the Chair of the Compensation and Corporate Governance Committee. In general, directors, senior officers and employees of the Corporation should contact the Director of Legal Affairs for any question regarding the code of business and ethical conduct.

Each employee receives a copy of the employee handbook, with proof of receipt. This handbook informs employees of company policies and how to obtain further information on any matter dealt with in the handbook, including ethical issues.

New directors receive a copy of the mandates and policies, and directors are encouraged to consult them as required.

Internal control procedures are reviewed annually by an independent consultant.

Lastly, the Corporation has adopted a whistleblower policy which enables directors, senior officers and employees to report any irregularity to the chair of the Audit Committee.

The code of business and ethical conduct covers the following topics: compliance with laws and regulations, conflicts of interest, full disclosure, insider trading, confidentiality, gifts and awards, corruption, good-faith incentives, fair dealing, protection of company assets, accuracy of the company's books and records, reporting violations and complaints procedure. In the event of a conflict of interest, very specific rules have been established and these are included in the code of business and ethical conduct. The Audit Committee ensures compliance with internal control and risk management standards. The Compensation and Corporate Governance Committee is responsible for ensuring that the Board and the Management act in accordance with those practices and processes best able to ensure compliance with applicable laws and appropriate ethical standards; these include the adoption of company policies and procedures, and the adoption of a written code of business and ethical conduct which sets out effective standards for deterring wrongdoing, and is applicable to the Corporation's directors, senior officers and employees. These missions are explicitly included in the mandates of these two 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;

(ii) the process of identifying new candidates.

The Compensation and Corporate Governance Committee is responsible for recommending potential new directors and assessing the performance and contribution of directors. Louis Brunel, Élaine C. Phénix, Strath Goodship and Jean Colbert, the four members of the Compensation and Corporate Governance Committee, are all independent directors. If all the candidates for election as director are elected during the annual and special meeting of August 14, 2013, Mr. Jean Lamarre, Mr. Louis Bruel and Mr. Jean Colbert shall be appointed as members of the Compensation and Corporate Governance Committee. Every director elected to the Board of Directors receives a written mandate, which he or she must accept.

The Board will ensure that directors are able to contribute to the growth of the Corporation through their positive experience as a director or senior executive with other public companies, through their expertise in the Corporation's areas of activity, through their financial and strategic development skills, or through their experience in corporate governance and regulatory compliance. The Board will also ensure that this range of contributions is continuously represented on the Board.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

(i) who determines compensation;

(ii) the process for determining compensation.

The process by which the Corporation currently determines the compensation of the executive officers of the Corporation is described in the section entitled "Compensation of Executive Officers and Directors – Compensation Discussion & Analysis" above.

7. Other Board Committees

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

The Board of Directors has not constituted committees other than the Audit Committee, the Compensation and Corporate Governance Committee and the Strategic Committee. The Compensation and Corporate Governance Committee is responsible for corporate and governance matters which include the following responsibilities:

(a) the adoption of principles and guidelines relating to corporate governance that are relevant to the Corporation, as regards the: (i) size and composition of the Board; (ii) orientation of new directors; (iii) continuous education of directors; (iv) compensation and the term of directors' mandates; (v) evaluation from time to time of the performance of the Board, its committees and individual directors, and (vi) description of the role of each director, as well as the qualifications and skills that each director should bring to the Board;

(b) overseeing that the Board and management respect practices and procedures that are designed to ensure compliance with all applicable laws and ethical standards, including the adoption of policies and corporate procedures and the adoption of a written code of business and ethical conduct that is applicable to directors, officers and employees of the Corporation and which is designed to promote and foster integrity and deter inappropriate action or wrongdoing;

(c) recommending candidates for election or appointment to the Board, including examining any nominees recommended by shareholders;

(d) to the extent possible, satisfying itself as to the integrity of the senior management of the Corporation such that the senior officers create a culture of integrity throughout the Corporation.

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 Compensation and Corporate Governance Committee will ensure regular assessment of the effectiveness and contribution of the Board of Directors, the board committees and the individual directors by means of an evaluation form containing 20 assessment criteria. The recommendations resulting from this evaluation process are submitted to the Chairman of the Board in order to allow him to take measures that are necessary or advisable in this regard.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended March 31, 2013, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

(a) the comparative consolidated financial statements of the Corporation for the fiscal year ended March 31, 2013 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to March 31, 2013 and Management's Discussion and Analysis with respect thereto; and

(b) this Circular,

please send your request to:

D-BOX Technologies Inc.
c/o Daniel Le Blanc
2172 de la Province Street
Longueuil, Québec
J4G 1R7

Telephone: (450) 442-3003
Telecopier: (450) 442-3230
E-mail: dleblanc@d-box.com

It is also possible to obtain information concerning the Corporation by visiting its web site at www.d-box.com.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

AUTHORIZATION

DATED at Longueuil, Québec
July 15, 2013

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

(s) Louis Brunel
Chairman of the Board of Directors

SCHEDULE A

SHAREHOLDERS' SPECIAL RESOLUTION

SHARE CONSOLIDATION

BE AND IT IS HEREBY RESOLVED:

THAT the Articles of the Corporation be amended so that the issued and outstanding Class A common shares of the Corporation are consolidated on the basis of one share for a maximum of every ten Class A common shares then issued and outstanding;

THAT, subject to the maximum set out above, the determination of the basis for the consolidation shall be at the discretion of the Board of Directors of the Corporation;

THAT the officers and directors of the Corporation are hereby authorized to file Articles of Amendment with Industry Canada if and when deemed advisable by the Board of Directors of the Corporation in its discretion, but in no case later than twelve months from the date hereof, and do all other things necessary in order to give effect to the foregoing; and

THAT if the Board of Directors of the Corporation in its discretion deems it advisable, it is hereby authorized to abandon the proposed amendment to the Articles of the Corporation without further approval from the shareholders.

SCHEDULE B

SHAREHOLDERS' RESOLUTION

CONFIRMATION OF AMENDMENT TO BY-LAW No. 1 OF THE CORPORATION

WHEREAS on June 18, 2013, the Board of Directors adopted an amendment to By-Law No. 1 of the Corporation;

BE AND IT IS HEREBY RESOLVED:

THAT the amendment to By-Law No. 1 of the Corporation adopted by the Board of Directors on June 18, 2013, as described in the Management Information Circular of the Corporation dated July 18, 2013, is hereby confirmed; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE C

AMENDMENT TO BY-LAW No. 1– GENERAL BY-LAW

By-law No. 1 – General By-Law of D-BOX Technologies Inc. (the "**Corporation**") is hereby amended by adding section 35A, as follows:

35A. **Advance Notice Requirement for the Nomination of Directors** - Subject to the provisions of the *Canada Business Corporations Act* (the "**Act**") and the articles of the Corporation (the "**Articles"**), a nominee will not be eligible for election as director of the Corporation unless such nomination is made in accordance with the following procedures.

Nominations of a person for election to the Board of Directors may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

(1) by or at the direction of the Board of Directors or an authorized officer of the Corporation, including pursuant to a notice of meeting;

(2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition to call a shareholders' meeting made in accordance with the provisions of the Act; or

(3) by any person (a "**Nominating Shareholder**") who (i) at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) complies with the notice procedures set out below:

(a) In addition to any other applicable requirements for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the registered office of the Corporation in accordance with the requirements of this section 35A.

(b) To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

(i) In the case of an annual meeting of shareholders, not less than thirty (30) nor more than sixty-five (65) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than fifty (50) days after the date on which the first Public Announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10^{th}) day following such Public Announcement; and

(ii) In the case of a special meeting (other than an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15^{th}) day following the day on which the first public announcement of the date of the special meeting was made. Notwithstanding the foregoing, the Board of Directors may, in its sole discretion, waive any requirement in paragraph 35A(3)(b). In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice.

(c) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set out (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available) and as of the date of such notice, and (iv) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors

pursuant to the Act and Applicable Securities Laws (as defined below). The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation.

(d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this section 35A; provided, however, that nothing in this section 35A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set out in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(e) For purposes of this section 35A, (i) "**Public Announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.

(f) Notwithstanding any other provision of the By-laws, notice given to the Corporate Secretary of the Corporation pursuant to this section 35A may be given only by personal delivery, facsimile transmission or by e-mail (at such e-mail address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, e-mail (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (eastern time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

SCHEDULE D

SHAREHOLDERS' RESOLUTION

Approval of Shareholder Rights Plan

BE AND IT IS HEREBY RESOLVED:

THAT the Shareholder Rights Plan of the Corporation, as approved by the Board of Directors on June 18, 2013 and as described in the management proxy circular of the Corporation dated July 15, 2013, is hereby approved, with all such modifications, additions or deletions thereto which the President and Chief Executive Officer of the Corporation, in his sole discretion, may deem appropriate or necessary.