

## **BRAINHUNTER INC.**

### **Notice of Annual and Special Meeting of Shareholders**

**NOTICE IS HEREBY GIVEN** that an Annual and Special Meeting (the "Meeting") of the shareholders of **Brainhunter Inc.** (the "Corporation"), will be held on the 28<sup>th</sup> day of March, 2006, at the hour of 4:00 o'clock, in the afternoon, Toronto time, at The Fairmont Royal York, Territories Room, 100 Front Street West, Toronto, Ontario, M5J 1E3.

1. To receive the report of the Directors;
2. To receive the Corporation's financial statements for the fiscal year ended September 30, 2005 with the auditors report thereon;
3. To consider and if deemed appropriate, adopt a resolution (the full text of which is reproduced in the accompanying Management Information Circular) empowering the directors of the Corporation to amend the Articles of the Corporation to increase the maximum size of the board of directors from nine (9) to twelve (12) directors;
4. To elect directors to hold office until the next Annual Meeting of the Corporation;
5. To appoint Ernst & Young LLP, as auditor for the Corporation until the next Annual Meeting, and authorize the directors to fix its remuneration;
6. To authorize the Corporation to grant warrants to Osprey Capital Partners to acquire 800,000 common shares in the capital of the Corporation exercisable at \$1.00 per share;
7. To authorize the Corporation to grant warrants to Eagle Professional Resources Inc. to acquire 100,000 common shares in the capital of the Corporation exercisable at \$1.00 per share; and
8. To transact such other business as may properly be brought before the Meeting and any and all adjournments thereof.

Accompanying this Notice is a copy of a Management Information Circular and a form of Proxy. Shareholders unable to attend the Meeting in person are requested to read the enclosed Information Circular and Proxy, and then complete and deposit the Proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with the Corporation's transfer agent, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8 at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting. Unregistered shareholders who received the Proxy through an intermediary must deliver the Proxy in accordance with the instructions given by the intermediary.

The share transfer books of the Corporation will not be closed, but the board of

directors has fixed February 16, 2006 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment thereof. A complete list of the shareholders entitled to vote at the Meeting will be open to examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours for a period of 10 days prior to the Meeting, at the offices of the Corporation's transfer agent, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8.

**DATED** at Toronto, Ontario, this 10<sup>th</sup> day of February, 2006.

**BY ORDER OF THE BOARD**

**"John McKimm"**  
**Chief Executive Officer**

## **BRAINHUNTER INC.**

### **MANAGEMENT INFORMATION CIRCULAR**

February 10, 2006

#### **SOLICITATION OF PROXIES**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Brainhunter Inc. (the "Corporation") for use at the annual and special meeting (the "Meeting") of shareholders of the Corporation to be held on the 28<sup>th</sup> day of March, 2006, at the hour of 4:00 o'clock, in the afternoon, Toronto time, at The Fairmont Royal York, Territories room, 100 Front Street West, Toronto, Ontario, M5J 1E3, and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail. The total cost of the solicitation will be borne by the Corporation. In accordance with the requirements of National Instrument 54-101, arrangements have been made with brokerage houses and other custodians, nominees, and fiduciaries to forward the Notice of Meeting, this Management Information Circular and the form of proxy to the beneficial owners of the common shares.**

#### **VOTING OF PROXIES**

**All securities represented at the Meeting by properly executed proxies will be voted or withheld from voting in accordance with the instructions of the security holder on any ballot that may be called for and, if the security holder specifies a choice with respect to any matter to be acted upon, the security will be voted accordingly. In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all the matters set out herein.**

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Management Information Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, not less than forty eight (48) hours, excluding Saturdays and holidays, preceding the Meeting or an adjournment of the Meeting.

#### **APPOINTMENT OF PROXY**

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. A shareholder has the right to designate a person (who need not be a shareholder of the Corporation) other than John McKimm and**

**Robert Prentice, the management designees, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper form of proxy and, in either case, depositing the form of proxy with the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, not less than 48 hours, excluding, Saturdays and holidays, preceding the Meeting or an adjournment of the Meeting.**

## **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A shareholder may revoke a proxy by either: (a) depositing an instrument in writing, executed by him or his attorney authorized in writing at the offices of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, prior to the close of business on the day preceding the date on which the Meeting is to be held or any adjournment thereof, or with the Chairman of the Meeting before any vote in respect of which the proxy is to be used shall have been taken; or (b) attending the Meeting in person and registering with the scrutinizer as a shareholder personally present.

## **NON-REGISTERED SHAREHOLDERS**

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation will have distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy (collectively, the "meeting materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Corporation, c/o

Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8.

- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions that contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Holder who receives a form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder or such other person’s name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of common shares and series A preferred shares without nominal or par value, of which 42,303,670 common shares and 4,359,764 series A preferred shares are issued and outstanding as at the date hereof and entitled to vote at the Meeting on the basis of one vote for each common or series A preferred share held.

The holders of common and series A preferred shares of record at the close of business on the record date, set by the directors of the Corporation to be February 16, 2006 are entitled to vote such common and series A preferred shares at the Meeting on the basis of one vote for each common or series A preferred share held, except to the extent that:

- (a) such person transfers his/her shares after the record date; and

- (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his/her ownership to the shares;

and makes a demand to the Registrar and Transfer Agent of the Corporation, not later than ten (10) days before the Meeting, that his/her name be included on the shareholders' list. A complete list of the common shareholders entitled to vote at the Meeting will be open to examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours for a period of ten (10) days prior to the Meeting, at the offices of the Corporation's Transfer Agent, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8.

The following table sets out the name of each of the persons who beneficially owns, directly or indirectly, or controls or directs securities carrying more than ten percent (10%) of the voting rights attached to the outstanding common shares of the Corporation as of the date hereof.

Name	Common Shares of Brainhunter Inc.	Percentage of total common shares outstanding
1434670 Ontario Inc. <sup>(1)</sup>	4,606,493	10.9%

<sup>(1)</sup> 1437670 Ontario Inc. is beneficially owned 50% each by John McKimm and James Penturn, directors of the Corporation

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or controls or directs securities carrying more than ten percent (10%) of the outstanding series A preferred shares of the Corporation, at the date hereof, other than Crossbow Equity Partners LP which owns 4,359,764 series A preferred shares representing 100.0% of the outstanding series A preferred shares of the Corporation.

## **VOTES NECESSARY TO PASS RESOLUTIONS AT THE ANNUAL AND SPECIAL MEETING**

Other than as herein set forth, under the Corporation's Articles and the *Business Corporations Act* (Ontario) a majority of the votes cast at the Meeting (in person or by proxy) is required in order to elect directors and to pass the resolutions referred to in items in the accompanying Notice of Meeting.

## **NUMBER OF DIRECTORS**

The Board of Directors currently consists of nine (9) directors. The Board of Directors proposes that ten (10) directors be elected at the Meeting.

The shareholders of the Corporation will be asked to consider and, if deemed appropriate, empower the directors of the Corporation to amend the Corporation's Articles to increase the maximum size of the board of directors from nine (9) to twelve

(12) directors. The board is of the view that increasing the maximum number of directors that may potentially be elected provides greater flexibility in the governance of the Corporation.

This determination requires a special resolution. A special resolution requires the affirmative vote of not less than 2/3 of the votes cast by shareholders at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, approve (subject to such amendments, warranties or additions as may be approved at the Meeting) the following resolution:

**“BE IT RESOLVED THAT:**

1. the directors of the Corporation be empowered to amend the Articles of the Corporation to increase the maximum size of the board of directors from nine (9) to twelve (12) directors.”

**ELECTION OF DIRECTORS**

The directors of the Corporation are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Corporation proposes to nominate each of the following ten (10) persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<b>Name, resident province and Country, and position held with the Corporation</b>	<b>Principal Occupation or Employment for Past Five Years</b>	<b>Date of Appointment as director</b>	<b>Shares Beneficially Owned</b>
John Gillies, Ontario, Canada, Director	Currently retired Arbor Memorial Services, President and CEO 1994 to 1997 Falconbridge Limited, Senior VP Sales, Marketing and Administration 1986 to 1992, Executive VP Controller and CFO 1982 to 1986	March 31, 2005	NIL
John Jaakkola, Ontario, Canada, Director	Currently retired Deloitte Consulting Latin America CEO 2001 to 2003 ICS Deloitte Europe, CEO 1997 to 2001	March 31, 2005	NIL

Adam Jasek, Ontario, Canada	Currently retired AJJA Information Technology Consultants Inc., Chairman and C.E.O., 1980 to 2005	Proposed to be March 28, 2006	226,500
Michael Kirby, Ontario, Canada, Director	Government of Canada, Senator, 1984 to present Director of the following: Bank of Nova Scotia, Extendicare Inc., Indigo Books and Music Inc., Energy Savings Income Fund, and MDC Partners Inc.	June 21, 2002	315,000
Don McCreesh, Ontario, Canada, Director	Consultant, Chartered Director Celestica, Senior Vice-President Corporate Affairs, 2004 Senior Vice-President Human Resources 1999 to 2003	March 31, 2005	25,000
John McKimm, Ontario, Canada, Chairman, Chief Executive Officer and Director	Brainhunter Inc., Chairman and CEO, 2000 to present Daedalian eSolutions Inc., Executive Chairman, 2000 to 2001, Trustee of Altus Group Income Fund, Director of Jovian Capital Corporation	January 27, 2000	4,077,008 <sup>(2)(3)</sup>
James Penturn, Ontario, Canada, Director	John Penturn & Son Limited, President, 1998 to present	June 21, 2002	2,695,342 <sup>(2)(3)</sup>
Matthew Shaw, Florida, United States, Director	Crossbow Ventures, a venture capital firm, Partner, 2002 to present Cenntennial Ventures, Senior Associate, 2000 to 2002 Prime New Ventures, Associate, 1998 to 2000	June 19, 2003	4,359,764 <sup>(1)</sup>
Bhaktraj Singh, Ontario, Canada, Officer and Director	Brainhunter Inc., President of Staffing Division, 2003 to present Brainhunter.com Ltd., Founder, Chairman and CEO, 1999 to 2003	June 19, 2003	1,629,917 <sup>(4)(5)</sup>
Mel Steinke, Ontario, Canada, Chief Operating Officer and Director	Burntsand Inc., President & CEO, 2002 to 2003 Descartes Systems Inc., President, 2001 to 2002 CGI Inc., Executive Vice President, 1999 to 2000 Deloitte Consulting/DRT Systems, President & CEO, 1990 to 1999	August 15, 2002	475,000

(1) Crossbow Equity Partners LP holds Series A Preferred Shares of the Corporation which shares are convertible on a one for one basis into common shares of the Corporation.

(2) Not included in the above shareholdings of John McKimm and James Penturn are private options to acquire 980,000 common shares of the Corporation held through 1434670 Ontario Inc., a private company in which Mr. McKimm and Mr. Penturn each hold a 50% interest. The options are exercisable at \$0.40 per share until and including April 24, 2004; \$0.50 per share from April 25, 2004 until and including April 24, 2005; and \$0.60 per share from April 25, 2005 until and including April 24, 2006.

(3) Included in the total for each of Mr. Penturn and McKimm are 2,303,247 common shares, being 50% of the shares owned by 1434670 Ontario Inc., a company owned 50% each by Mr. McKimm and Mr. Penturn.

(4) Not included in the above shareholdings of Bhaktraj Singh are private options beneficially owned to acquire 800,000 common shares of the Corporation. The options are exercisable at; \$0.40 per share until and including April 24, 2004, \$0.50 per share from April 25, 2004 until and including April 24, 2005; and \$0.60 per share from April 25, 2005 until and including April 24, 2006.



- (5) Not included in the above shareholdings of Bhaktraj Singh are 500,000 common share purchase warrants beneficially owned by Bhaktraj Singh or companies associated with Mr. Singh. 175,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$0.81 per share until November 3, 2006. 125,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$2.11 per share until November 17, 2006. 200,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$1.92 per share until March 4, 2007.
- (6) Included in the total shareholdings of Bhaktraj Singh are 254,917 series A preferred shares.

## Attendance at Board Meetings

The following table sets forth the attendance of the directors at meetings of the board since the beginning of the Corporation's most recently completed financial year (note "P" means present at the meeting, "A" means absent from the meeting, "N/A" means not a director at time of meeting):

	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2006
	Oct 26	Dec 15	Jan 24	Feb 8	May 6	Aug 10	Sep 21	Oct 25	Nov 28	Dec 16	Feb 10
John Gillies	N/A	N/A	N/A	N/A	P	P	P	P	P	P	P
Sheldon Inwentash	A	P	P	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Jaakkola	N/A	N/A	N/A	N/A	P	P	P	P	P	P	P
Michael Kirby	P	P	P	P	P	P	P	P	P	P	P
Don McCreesh	N/A	N/A	N/A	N/A	P	P	P	P	P	P	P
John McKimm	P	P	P	P	P	P	P	P	P	P	P
James Penturn	P	P	P	P	P	P	P	P	P	P	P
Matthew Shaw	P	P	P	P	P	P	P	A	P	P	P
Raj Singh	A	A	P	P	P	P	P	P	P	P	P
Mel Steinke	P	P	P	P	P	P	P	P	P	P	P
Stanley Yu	P	P	P	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Except as disclosed below, no proposed director is, at the time of this Management Information Circular, or has been, within the ten (10) years before the date of this Management Information Circular, a director or executive officer of any company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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,

or has, within the ten (10) years before the date of the Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

- Messrs. Gillies, Jaakkola, Kirby, McCreesh, McKimm, Penturn, Shaw, Singh and Steinke were subject to a management cease trade order in respect of securities of the Corporation, issued by the Ontario Securities Commission on May 31, 2005 due to a delay in the filing of the Corporation's financial statements for the interim period ended March 31, 2005. The Corporation subsequently filed the financial statements and the order was revoked on August 11, 2005.
- Messrs. Gillies, Jaakkola, Kirby, McCreesh, McKimm, Penturn, Shaw, Singh and Steinke were subject to a management cease trade order in respect of securities of the Corporation, issued by the Ontario Securities Commission on January 16, 2006, due to a delay in the filing of the Corporation's financial statements for the year ended September 30, 2005. The financial statements were filed on February 14, 2006. Upon filing the Annual Information Form, expected to file March 3, 2006, the Company expects the cease-trade to be lifted.

## **Proposed Director**

### Adam Jasek

#### Education and Certification

- Bsc in Computer Science, Queen's University, 1974

#### Professional Experience

System House Limited, 1974 to 1980

- senior technical consultant

AJJA Information Technology Consultants Inc., 1980 to 2005

- founder, Chairman and CEO

## **EXECUTIVE COMPENSATION**

### **Compensation Summary**

The following table sets forth the compensation earned during the last three (3) fiscal years by the Named Executive Officers.

For the purposes of this Management Information Circular:

“Executive Officer” of the Corporation means an individual who at any time during the financial year was (a) the chair of the Corporation; (b) a vice-chair of the Corporation; (c) the president of the Corporation; (d) a vice-president of the Corporation in charge of a principal business unit, division or function such as sales, finance or production; (e) an officer of the Corporation or any of its subsidiaries who performed a policy-making function in respect of the reporting issuer; (f) any other individual who performed a policy-making function in respect of the reporting issuer.

“Named Executive Officer” or “NEO” of the Corporation means (a) each Chief Executive Officer; (b) each Chief Financial Officer; (c) each of the Corporation’s three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer), who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeded \$150,000.00; and (d) any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year end.

### Summary Compensation Table

NEO Name and Principal Position (a)	Year (b)	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) (i)
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	
					Securities Under Options/ SARs Granted (#) (f)	Shares or Units Subject to Resale Restrictions (\$) (g)	LTIP Payouts (\$) (h)	
John McKimm, Chief Executive Officer	2005	NIL	NIL	324,000	NIL	NIL	NIL	NIL
	2004	NIL	NIL	276,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	205,000	750,000	NIL	NIL	NIL
Robert Prentice, Chief Financial Officer	2005	NIL	NIL	162,500	NIL	NIL	NIL	NIL
	2004	NIL	NIL	142,500	NIL	NIL	NIL	NIL
	2003	NIL	NIL	102,000	100,000	NIL	NIL	NIL
Mel Steinke, Chief Operating Officer	2005	NIL	NIL	258,000	NIL	NIL	NIL	NIL
	2004	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2003	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Bhaktraj Singh, President, Staffing Division	2005	NIL	NIL	300,000	NIL	NIL	NIL	NIL
	2004	NIL	NIL	300,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	156,250	1,000,000	NIL	NIL	NIL
John Chrobak, President, Engineering Division	2005	NIL	NIL	360,000	NIL	NIL	NIL	NIL
	2004	NIL	NIL	360,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	60,000	NIL	NIL	NIL	NIL

### Stock Options

No options were granted as executive compensation during the financial year ended September 30, 2005.

### **Aggregated Option Exercises During The Most Recently Completed Financial Year and Financial Year-End Option Values**

The following table sets out information with respect to the exercise during the financial year ended September 30, 2005 of options granted and financial year-end option values.

NEO Name (a)	Securities, Acquired on Exercise (#) (b)	Aggregate Value Realized (\$) (c)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable (d)	Value of Unexercised in-the-Money Options/SARs at FY- End (\$) Exercisable/ Unexercisable (e)
John McKimm, CEO	280,000	\$187,000	600,000/250,000	\$209,000/\$70,000
Robert Prentice, CFO	NIL	NIL	116,667/33,333	\$53,167/\$9,333
Mel Steinke	NIL	NIL	100,000/NIL	\$69,000/NIL
Bhaktraj Singh	NIL	NIL	666,667/333,333	\$326,667/\$163,333
John Chrobak	NIL	NIL	NIL	NIL

<sup>(1)</sup> The closing price of \$0.99 of the Corporation's common shares on the TSX as at September 30, 2005 was used to calculate in the money options.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

John McKimm, the Corporation's Chief Executive Officer is employed under an employment agreement that was entered into in January 2003. Mr. McKimm currently receives management fees of \$25,000 per month, plus a quarterly bonus of \$20,000. The Corporation may terminate Mr. McKimm's employment at any time without cause but this would result in a lump sum severance payment to him equal to two years of management fees.

Bhaktraj Singh, President of Brainhunter's Staffing Division, is employed under an employment agreement that was entered into in March 2003. Mr. Singh receives management fees of \$25,000 per month. The Corporation may terminate Mr. Singh's employment at any time without cause but this would result in a lump sum severance payment to him equal to 18 months of management fees.

Robert Prentice, the Corporation's Chief Financial Officer is employed under an employment agreement that was entered into in January 2003. Mr. Prentice currently receives management fees of \$16,667 per month. The Corporation may terminate Mr.

Prentice's employment at any time without cause but this would result in a lump sum severance payment to him equal to 12 months of management fees.

John Chrobak, the President of the Engineering Staffing Division, is employed under a four year employment agreement that was entered into in October 2003. Mr. Chrobak receives a salary of \$30,000 per month. The Corporation may terminate Mr. Chrobak's employment at any time without cause but this would result in a lump sum severance payment to him equal to the remainder of the four year term of the employment agreement.

Mel Steinke, the Chief Operating Officer, is employed under a renewable one year employment agreement that was entered into in January, 2005. Mr. Steinke receives management fees of \$30,000 per month.

Pursuant to each agreement described above, the officers are bound by non-competition and non-solicitation covenants during their term with the Corporation and for varying periods of time thereafter. The officers are also entitled to participate in plans maintained by the Corporation for the benefit of its employees.

### **Composition of the HR and Compensation Committee**

The Corporation's board of directors has established an HR and Compensation Committee that exercises general responsibility regarding overall employee and executive compensation. The members of the HR and Compensation Committee during the period October 1, 2004 to May 6, 2005 were Michael Kirby (chair), James Penturn, Mel Steinke and Matthew Shaw. From May 6, 2005 to present the members are Michael Kirby, (chair) John Gillies and Don McCreesh, all of whom were independent directors at all material times during the fiscal year.

Other than as set forth below, no member of the HR and Compensation Committee was an officer or employee of the Corporation or of its subsidiaries during the most recently completed financial year or was formerly an officer of the Corporation or any of its subsidiaries. In addition, as at the date of this Management Information Circular, no member is indebted to the Corporation, except as described under "Indebtedness of Directors and Executive Officers" or has a material interest in any material transaction since the commencement of the Corporation's most recently completed financial year or in any proposed material transaction, except as described under "Interest of Informed Persons in Material Transactions".

Mr. Steinke was appointed Chief Operating Officer of the Corporation in January 2005 and was therefore an officer of the Corporation for part of the most recently completed financial year. During this period from January 2005 until the appointment of new members of the committee in May, 2005, the HR and Compensation Committee did not engage in any deliberations of executive compensation as a separate committee.

### **Report on Executive Compensation**

The HR and Compensation Committee periodically reviews the compensation of senior officers and discusses with management various issues regarding executive compensation. The board reviewed the Corporation's approach to executive

compensation which has, since formation, been based on providing a cash compensation commensurate with the experience and skill which each individual brings to the position in conjunction with the board's expectations of the requirements of such position.

The HR and Compensation Committee will continue to review with management the approach to executive compensation and, if it becomes appropriate, will consider alternative or supplemental compensation arrangements.

The key component included in the compensation package for each executive officer, including the Chief Executive Officer, during the last financial year was the management fee. The amount of emphasis varies depending on the executive officer and is described above in the discussion on Employment Agreements.

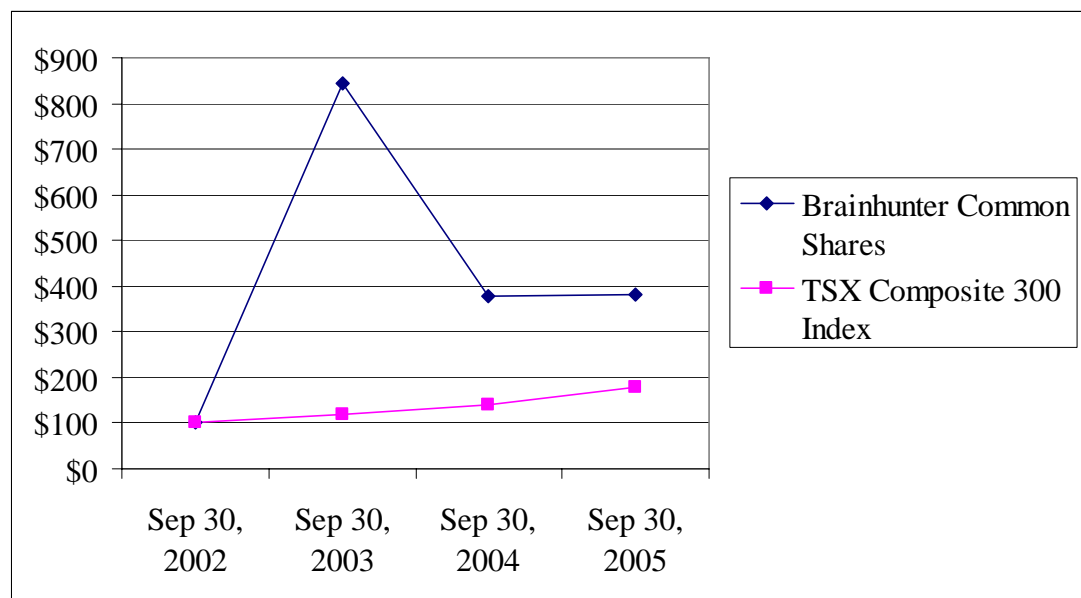
This report is submitted on behalf of the HR and Compensation Committee, namely:

Michael Kirby, Chairman  
John Gillies  
Don McCreesh

### Stock Performance Chart

The following graph compares the percentage change in the cumulative total shareholder return on the common shares of the Corporation with the cumulative return of the S&P/TSX Composite Index during the period from September 30, 2002 to September 30, 2005 based on the closing value of the common shares if \$100 was invested on September 30, 2002:

Cumulative Total Return on \$100 Investment



## Compensation of Directors

During the period October 1, 2004 to March 31, 2005, the compensation for each independent non-management director of the Corporation was an annual fee of \$1,000 and \$250 per meeting attended. From April 1, 2005 to present, the compensation for each independent non-management director of the Corporation was as follows:

	Chair Fee	Annual Fee	Meeting Fee in Person	Meeting Fee by Phone
Board Director		\$5,000	\$1,500	\$1,000
Audit Committee	\$10,000	\$2,000		
Annual Statement Review			\$1,500	\$1,000
Quarterly Statement Review			\$1,000	\$650
Follow on Meetings			\$750	\$500
Compensation Committee	\$5,000	\$1,000	\$1,000	\$650
Corporate Governance Committee	\$2,000	\$1,000	\$750	\$500

Each new Board member receives a one-time grant of 100,000 options priced at market at time of issue, with a 5 year term, vesting over 18 months. In addition, each director receives 25,000 options annually, priced at market at time of issue and vesting over 18 months.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

A fundamental principle of the Corporation's compensation philosophy is to provide long-term incentive compensation which is linked to shareholder returns. The Corporation grants, and has in the past granted, to directors of the Corporation options to purchase common shares subject to and in accordance with the prevailing policies of the Toronto Stock Exchange (hereinafter sometimes referred to as "TSX"). Options are granted based on the assessment by the board of directors of the Corporation of the optionee's past and present contribution to the success of the Corporation. The exercise price of options is set in accordance with applicable TSX policies. These options are not transferable and are presently exercisable for a period of up to five years. In addition, the options must be exercised within (i) 90 days after the option holder ceases to be a director or an employee of the Corporation, and (ii) 120 days after the death of the optionee as is specified in each optionee's option agreement.

### Equity Compensation Plan Information

The Corporation currently has a Stock Option Plan under which may be issued 7,220,000 stock options (the "Brainhunter Plan"). In addition, the Corporation assumed the 280,000 stock options issued under the Stock Option Plan of Red Lantern Corporation (the "Red Lantern Plan") upon the completion of the Corporation's Qualifying Transaction to list on the TSX Venture Exchange on July 22, 2002. The Corporation has not granted any additional options under the Red Lantern Plan and no further options will be granted under the Red Lantern Plan.

The board is of the view that this level will provide it with the means to attract and retain highly qualified management and other personnel that are important to the success of the Corporation.

Participants eligible to receive stock options under the Brainhunter Plan are eligible directors, eligible members of management, eligible employees and eligible consultants.

The aggregate number of options available for issuance to any one person shall not exceed 5% of the outstanding shares at the time of grant (including the shares that are subject to such option grant).

The exercise price per share is determined from time to time by the Board but, in any event, shall not be lower than the closing price of Brainhunter common shares on the day prior to the grant.

Under the Brainhunter Plan, the term of the stock options granted is no greater than a period of five (5) years after the date such option is granted. Options vest as follows: (a) no option may be exercised within one (1) year following the date of grant of the option; (b) after the date that is one (1) year following the date of grant of an option the optionee may exercise his rights as to 1/3 of the shares under option or any lesser part thereof; and (c) after each of the second and third anniversaries of the date of grant, the optionee may exercise his rights as to an additional 1/3 of the shares under option or any lesser part thereof. Notwithstanding the foregoing vesting terms, the Board may establish any other vesting schedule relative to any option granted under the Brainhunter Plan provided that in any event, no option shall vest over a period of less than eighteen (18) months following the date of grant of the option.

If an optionee shall die while an eligible participant in the Brainhunter Plan, any vested option held by him at the date of death shall be exercisable if the option was issued ten (10) days or more prior to the date of death. All such options shall be exercisable only for a period of one hundred and twenty (120) days after the date of death or prior to the expiration of the option period in respect thereof, whichever is sooner.

If an optionee ceases to be an eligible participant for cause, no option held by such optionee may be exercised following the date on which such optionee ceases to be an eligible participant.

If an optionee ceases to be an eligible participant for any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of ninety (90) days after the date on which such optionee ceases to be an eligible



participant, or prior to the expiration of the option period in respect thereof, whichever is sooner.

If an optionee who is an eligible consultant ceases to be retained by the Corporation by virtue of a breach of the consulting agreement or the expiry thereof, or such retainer is otherwise terminated (other than for death or cause), no option held by such eligible consultant may be exercised following such breach, expiry or termination, as the case may be.

The Board reserves the right to amend, modify or terminate the Brainhunter Plan at any time if and when it is advisable in the absolute discretion of the Board. Any amendment to any provision of the Brainhunter Plan is subject to approval, if applicable and if required, by the Toronto Stock Exchange or any regulatory body having jurisdiction over the securities of the Corporation. In particular, disinterested shareholder approval shall be obtained for any reduction in the exercise price per share if the eligible participant is an Insider of the Corporation (as that term is defined by the Toronto Stock Exchange) at the time of the proposed amendment.

Approval by disinterested shareholders means approval by a majority of the votes cast at the Meeting other than votes attaching to shares beneficially owned by directors and officers of the Corporation and any shareholder who beneficially owns more than 10% of the voting shares of the Corporation, and associates thereto.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) The "Brainhunter Plan" and the "Red Lantern Plan"	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,971,266	\$0.99	2,847,660
Equity compensation plans not approved by security holders	NIL	N/A	NIL
Total	3,971,266	\$0.99	2,847,660

The foregoing information is presented as at September 30, 2005.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### Aggregate Indebtedness as at February 10, 2006

Aggregate Indebtedness (\$)		
Purpose	To the Company or its Subsidiaries	To Another Entity

(a)	(b)	(c)
<b>Share purchases</b>	\$739,105	NIL
<b>Other</b>	\$165,150	NIL

**Indebtedness of Directors and Executive Officers Under Securities Purchase and Other Programs as at February 10, 2006**

<b>Indebtedness of Directors and Executive Officers under Securities Purchase and other Programs</b>						
<b>Name and Principal Position</b>	<b>Involvement of Corporation or Subsidiary</b>	<b>Largest Amount Outstanding During Financial Year ended Sept. 30, 2005 (\$)</b>	<b>Amount Outstanding as at Feb. 10, 2006 (\$)</b>	<b>Financially Assisted Securities Purchases During Financial Year ended Sept. 30, 2005 (#)</b>	<b>Security for Indebtedness</b>	<b>Amount Forgiven During Financial Year ended Sept. 30, 2005 (\$)</b>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Securities Purchase Programs</b>						
John McKimm, Director and CEO		\$121,600	\$121,600	NIL	Brainhunter Common Shares	NIL
Mel Steinke, Director and COO		\$100,000	\$100,000	100,000	Brainhunter Common Shares	NIL
Perry Henningsen Senior Vice-President, Ottawa Region		\$100,000	\$100,000	105,000	Brainhunter Common Shares	NIL
Sam D'Aurizio, Senior Vice-President, Solutions Division		NIL	\$100,000	NIL	Brainhunter Common Shares	NIL
John Breininger, Senior Vice-President, Staffing Division		NIL	\$75,000	NIL	Brainhunter Common Shares	NIL
Diane Pap, VP, Business Development		\$50,000	\$50,000	NIL	Brainhunter Common Shares	NIL
Bhaktraj Singh, Director and President Staffing Division		\$200,000	\$200,000	NIL	Brainhunter Common Shares	NIL

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For purposes of the following discussion, “Informed Person” 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 a 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 ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere herein or in the Notes to the Corporation’s financial statements for the financial year ended September 30, 2005, none of:

- (a) the Informed Persons of the Corporation;
- (b) a proposed nominee for election as a director of the Corporation; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any subsidiary of the Corporation.

## **MANAGEMENT CONTRACTS**

Management functions of the Corporation and any subsidiary thereof are not, to any substantial degree, performed other than by the directors or executive officers of the Corporation or any subsidiary thereof.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Corporation for the year ended September 30, 2005 together with the Auditor’s Report thereon have been mailed to shareholders and will also be presented to the shareholders at the Meeting.

## **CORPORATE GOVERNANCE**

The board of directors and management of the Corporation believe that sound corporate governance practices are important to the performance of the Corporation. Schedule “A” attached hereto sets out the practices and policies of the Corporation within the framework of the guidelines for effective corporate governance adopted by the Canadian Securities Administrators in National Policy 58-201 – Corporate Governance Guidelines. Schedule “B” to this Circular sets out the terms of reference of the Corporation’s Board of Directors.

Additional information on the board of directors and its committees is set out in the following sections.

The present members of the Corporation's Audit Committee are John Gillies (Chair), John Jaakkola and Don McCreesh. Further information regarding the Corporation's Audit Committee and the Audit Committee Charter may be found in the section entitled "Audit Committee" in the Corporation's Annual Information Form for the financial year ended September 30, 2005. A copy of the Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com) and can be obtained from the Corporation by contacting us at 2 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2N 5Y7.

The Governance and Nominating Committee is comprised of Don McCreesh (Chair), John Gillies, John Jaakkola and Michael Kirby. The Committee's function is to establish and recommend for Board approval appropriate criteria for the selection of Board and Board committee members. At least annually, the Committee reviews director qualification criteria and recommends changes it considers appropriate.

The HR and Compensation Committee is comprised of Michael Kirby (Chair), John Gillies and Don McCreesh. The Committee is responsible for reviewing and approving the performance goals and compensation of the CEO. The Committee is also responsible for the appointment and compensation of senior management, other than the CEO, and incentive and equity based plans for employees

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Appointment Of Auditor**

The shareholders will be asked to consider, and if thought fit to pass, an ordinary resolution appointing Ernst & Young LLP of Toronto, Ontario as auditor of the Corporation for the ensuing year to hold office until the close of the next annual meeting of the Corporation. It is proposed that the remuneration to be paid to the auditor of the Corporation be fixed by the Board of Directors. Ernst & Young LLP was first appointed as auditor on March 31, 2005.

**The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the appointment of Ernst & Young LLP of Toronto, Ontario as auditor of the Corporation at a remuneration to be fixed by the Board of Directors, unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the appointment of auditor.**

### **Issuance of Common Share Purchase Warrants to Osprey**

On August 15, 2005, the Corporation entered into an agreement with Osprey Capital Partners ("Osprey") wherein Osprey agreed to act as agent and financial advisor for a period of two years to assist with financings and other corporate finance activities of the Corporation.

As partial consideration for Osprey's services, the Corporation agreed to grant 800,000 warrants to Osprey to purchase 800,000 common shares of the Corporation (representing approximately 1.7% of the Corporation's outstanding voting securities as at the date of this Management Information Circular) at \$1.00 per share for a period of three (3) years from the date of grant (the "Osprey Warrants").

Osprey is arm's length to the Corporation and on August 15, 2005, the common shares of the Corporation were trading at \$0.73.

TSX approved the grant of the Osprey Warrants by way of letter dated September 30, 2005, subject to shareholder approval.

The shareholders of the Corporation will be asked to consider, and if thought fit to pass, an ordinary resolution approving the issuance of the Osprey Warrants to Osprey. In the absence of instructions to the contrary, the enclosed proxy will be voted to approve the issuance of the Osprey Warrants to Osprey.

### **Issuance of Common Share Purchase Warrants to Eagle**

On January 9, 2006, the Corporation entered into an agreement with Eagle Professional Resources Inc. ("Eagle") wherein Eagle agreed to provide sub-contract services to the Corporation in connection with the business of the Corporation.

As partial consideration for Eagle's services, the Corporation agreed to grant 100,000 warrants to Eagle to purchase 100,000 common shares of the Corporation (representing approximately 0.2% of the Corporation's outstanding voting securities as at the date of this Management Information Circular) at \$1.00 per share for a period of three (3) years from the date of grant (the "Eagle Warrants").

Eagle is arm's length to the Corporation and on January 9, 2006, the common shares of the Corporation were trading at \$0.81.

The grant of the Eagle Warrants is subject to TSX as well as shareholder approval. As at the date of this Management Information Circular, the grant of the Eagle Warrants to Eagle is still subject to TSX approval.

The shareholders of the Corporation will be asked to consider, and if thought fit to pass, an ordinary resolution approving the issuance of the Eagle Warrants to Eagle. In the absence of instructions to the contrary, the enclosed proxy will be voted to approve the issuance of the Eagle Warrants to Eagle.

### **OTHER MATTERS**

Management of the Corporation is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and Management Discussion & Analysis for its most recently completed financial year, copies of which are available on SEDAR and which were previously mailed to shareholders. Shareholders may also contact the CFO of the Corporation at Brainhunter Inc. 2 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2N 5Y7 or at [robert.prentice@brainhunter.com](mailto:robert.prentice@brainhunter.com) to request copies of these documents.

## **DIRECTORS' APPROVAL**

The contents of this Management Information Circular and the sending thereof have been approved by the board.

"John McKimm"  
Chief Executive Officer

"Robert Prentice"  
Chief Financial Officer

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**SCHEDULE "A"**  
**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

<b>Canadian Securities Administrators Corporate Governance Guidelines</b>		<b>Observations</b>	
<b>1.</b>	<b>BOARD OF DIRECTORS</b>	<b>1.</b>	A majority of the Corporation's board of directors (the "Board"), six of the nine current directors, are independent. The independent directors are as follows: Messrs. John Gillies, John Jaakkola, Michael Kirby, Don McCreesh, James Penturn and Matthew Shaw. The following directors are not independent: Messrs. John McKimm, Bhaktraj Singh and Mel Steinke; by virtue of their employment within the Corporation.
<b>2.</b>	If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.	<b>2.</b>	A table showing the boards of other reporting issuers on which the directors of the Corporation sit is included on Page 7 and 8 of this Circular.
<b>3.</b>	The chair of the board should be an independent director.	<b>3.</b>	As Mr. John McKimm serves as both Chair of the Board and CEO of the Corporation he is not an independent director. In keeping with good governance practices the Corporation has therefore appointed an independent director, Mr. Don McCreesh, to serve as Lead Director of the Corporation
<b>4.</b>	The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.	<b>4.</b>	The independent directors meet without the non-independent directors and members of management on an as required basis. These meetings of the independent directors are generally held in conjunction with regularly scheduled Board meetings.
<b>5.</b>	<b>BOARD MANDATE</b>	<b>5.</b>	The Board's written mandate is contained in the Corporation's Corporate Governance Policy. These Terms of Reference specifically acknowledge the stewardship responsibility of the Board. The Terms of Reference of the Board is attached to this Circular as Schedule "B" and is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a> . The primary responsibilities of the Board
	The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer.		

		<p>of Directors are:</p> <ul style="list-style-type: none"> <li>• the development of strategy</li> <li>• the management of risk</li> <li>• the appointment, training and monitoring of senior management</li> <li>• timely communication to all stakeholders</li> <li>• controls and information systems</li> <li>• code of conduct</li> </ul>
<b>6.</b>	<p><b>POSITION DESCRIPTIONS</b></p> <p>The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board should develop a clear position description for the CEO. The board should also develop or approve the goals and objectives that the CEO must meet.</p>	<p><b>6.</b></p> <p>The Board has developed written Terms of Reference for the Board, Individual Directors, the Board Chair and CEO and the Lead Director. The responsibilities of the committee chairs are included in the Terms of Reference for each committee. The Terms of Reference are included in the Corporate Governance Guidelines which is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a></p>
<b>7.</b>	<p><b>ORIENTATION AND CONTINUING EDUCATION</b></p> <p>The board should ensure that all new directors receive a comprehensive orientation. All new directors should understand the nature and operation of the issuer's business.</p> <p>The board should provide continuing education opportunities for all directors.</p>	<p><b>7.</b></p> <p>Upon appointment to the Board, new directors are provided with reports, corporate policies and other documentation relating to the Corporation's business and affairs, as well as meeting with senior management to provide first hand information about the corporation and the industry sector in which it operates. The Corporation's Corporate Governance Guidelines are available to all directors. These guidelines include the Board's Terms of Reference as well as the Terms of Reference for Individual Directors. On an on-going basis opportunities are made available to directors to learn more about the business or latest trends in governance issues.</p>
<b>8.</b>	<p><b>ETHICAL BUSINESS CONDUCT</b></p> <p>The board should adopt a written code of business conduct and ethics. The code should be applicable to directors, officers and employees of the issuer.</p>	<p><b>8.</b></p> <p>The Corporation has adopted a Code of Conduct which is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a>. Procedures are in place to ensure compliance with the code at all levels of the Corporation, including the employees, officers and directors.</p>



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<p><b>9.</b> The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.</p>	<p><b>9.</b> The Board is responsible for monitoring compliance with the Code of Conduct. Each year the Governance and Nominating Committee is mandated to approve the processes for administering the Code and to review with management the results of their assessment of the Corporation's compliance with the Code. Any waivers from the Code that are granted for the benefit of the Corporation's directors or executive officers can only be granted by the Board. No such waiver has been granted.</p>
<p><b>10.</b> The board must ensure that directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest.</p>	<p><b>10.</b> The Terms of Reference for Individual Directors specifically require directors to exercise independence of judgment and the Code of Conduct outlines the expectations of directors when considering transaction and agreements in which they have a material interest.</p>
<p><b>11.</b> The board must take steps to encourage and promote a culture of ethical business conduct.</p>	<p><b>11.</b> Brainhunter is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all employees, officers and directors and requires that annually everyone certify their familiarity with and adherence to the provisions of the Code. The Terms of Reference of the Board include the establishing of policies and systems to ensure that the Corporation's business is conducted in accordance with proper ethical standards and in compliance with all relevant laws and regulations. The Board believes it has taken the necessary steps to promote a culture of ethical business conduct.</p>
<p><b>12.</b> <b>NOMINATION OF DIRECTORS</b></p> <p>The board should appoint a nominating committee composed entirely of independent directors.</p>	<p><b>12.</b> The Board has appointed a Governance and Nominating Committee to be responsible for the nomination of directors, amongst other responsibilities. All of the members of the Governance and Nominating Committee are independent directors.</p>
<p><b>13.</b> The nominating committee should have a</p>	<p><b>13.</b> A written charter or Terms of Reference</p>

**Canadian Securities Administrators  
Corporate Governance Guidelines**

**Observations**

	<p>written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and manner of reporting to the board. In addition, the nominating committee should be given the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p>	<p>has been approved for the Governance and Nominating Committee. This charter is included in the Corporate Governance Guidelines which is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a>. The Terms of Reference provide for the Committee's purpose, specific responsibilities, operating principles and operating procedures. Included in this charter is the authority to employ external advisors.</p>
<b>14.</b>	<p>Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses.</p>	<b>14.</b> <p>The Governance and Nominating Committee's charter requires that it establish and recommend for Board approval appropriate criteria for the selection of Board and Board committee members, including competencies and skills that the Board, as a whole, should possess and criteria for determining director independence. At least annually, the Committee reviews Brainhunter's director qualification criteria and recommends for Board approval changes it considers appropriate.</p>
<b>15.</b>	<p>The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board.</p>	<b>15.</b> <p>The Articles of the Corporation provide for a maximum of nine directors. The specific number of directors is determined from time to time by the Board, following a recommendation by the Governance and Nominating Committee.</p>
<b>16.</b>	<p>The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.</p>	<b>16.</b> <p>Nominees for membership on the Board are recommended to the Board by the Governance and Nominating Committee. The Board will then recommend the nominees to the shareholders for election at the annual meeting of shareholders.</p>
<b>17.</b>	<p>In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new</p>	<b>17.</b> <p>The Governance and Nominating Committee is mandated to review annually the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board. The selection</p>

<p>nominee to possess.</p>	<p>of candidates will also consider the extent to which candidates could make the necessary time available to Brainhunter, including the number of other boards on which the candidate serves as a director, as well as the potential for conflict by serving on those other boards. In selecting nominees as new directors, the Governance and Nominating Committee will assess the ability to contribute to the effective management of the Corporation, taking into account the needs of the Corporation and the individual's background, experience, perspective, skills and knowledge that is appropriate and beneficial to the Company. In addition, the Governance and Nominating Committee will ensure that the composition of the Board will comply with any applicable requirements of the Business Corporations Act (Ontario), the stock exchanges on which Brainhunter lists its shares and any applicable securities regulatory authorities. The Committee will also consider the application of any applicable stock exchange guidelines or recommendations regarding the composition of the Board.</p>
<p><b>18. COMPENSATION</b></p> <p>The board should appoint a compensation committee composed entirely of independent directors.</p>	<p><b>18.</b> The Board has appointed an HR and Compensation Committee to be responsible for the management of its human resources and disclosure of key compensation information. All of the members of the HR and Compensation Committee are independent directors.</p>
<p><b>19.</b> The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p>	<p><b>19.</b> A written charter or terms of reference has been approved for the HR and Compensation Committee. This charter is included in the Corporate Governance Guidelines which is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a>. The Terms of Reference provide for the Committee's purpose, specific responsibilities, operating principles and operating</p>

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			procedures. Included in this charter is the authority to employ external advisors.
<b>20.</b>	The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation; making recommendations to the board with respect to non-CEO officer and director compensation, incentive compensation plans and equity-based plans and reviewing executive compensation disclosure before the issuer publicly discloses this information.	<b>20.</b>	The HR and Compensation Committee's charter includes specific responsibility for the Chair and CEO's performance goals, annual evaluation, compensation and employment arrangements. The Committee is also responsible for the appointment and compensation of senior management other than the Chair and CEO and incentive and equity-based plans for all employees, as well as approving any executive compensation disclosure prior to dissemination. Responsibility for recommendations with regard to compensation of directors is included in the charter of the Governance and Nominating Committee.
<b>21.</b>	If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	<b>21.</b>	No compensation consultant or advisor has been retained in the past year to assist in determining compensation for any of the Corporation's directors or officers.
<b>22.</b>	<b>OPERATIONS OF THE BOARD OF DIRECTORS</b>  Identify the standing committees of the board other than the audit, nominating and compensation committees, and describe their function.	<b>22.</b>	The Corporation's only standing committees of the board are the Audit; Governance and Nominating; and HR and Compensation Committees. The mandates of these Committees and the Board are available in the Corporate Governance Guidelines which is posted on the Corporation's website at <a href="http://www.brainhunter.com">www.brainhunter.com</a>
<b>23.</b>	The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution.	<b>23.</b>	Each Committee is mandated to evaluate its performance, each of its members and the adequacy of the Committee charter and Term of

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Reference.  
The Governance and Nominating Committee is mandated to assess the performance of the Board, the directors and each Board Committee.  
Starting in 2006 the Governance and Nominating Committee is mandated to conduct an annual Board Evaluation Survey and Director Peer Evaluation Survey.

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## **SCHEDULE “B”**

### **TERMS OF REFERENCE FOR BOARD OF DIRECTORS**

#### **I. INTRODUCTION**

The Board of Directors ("Board") bears responsibility for the stewardship of Brainhunter Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Business Corporations Act (Ontario) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs. Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs.

The Board of Directors believes that it is responsible for ensuring that the Corporation is effectively managed so as to maximize long-term growth of shareholder value. The Board does not manage the Corporation; rather it delegates this function to management, and then supervises and evaluates management's execution of Board approved strategies and business plans.

Directors have a duty under corporate law to exercise independent judgment and to always make decisions with the best interests of the Corporations in mind.

#### **II. COMPOSITION AND CONSTITUTION OF THE BOARD**

- As currently provided in the Corporation articles, Brainhunter's Board shall consist of a maximum of nine directors. The Board should have a majority of independent directors. The Board shall appoint all corporate officers including the Chair and CEO.
- The Governance and Nominating Committee should regularly assess the most appropriate size for the Board taking into account independence and shareholder relationships.

#### **III. BOARD MEETING FORMAT, OPERATING PROCEDURES AND MINUTES**

- The Board will hold a minimum of five meetings per year, one after each quarter and one to consider the Annual Business Plan and Budget. Additional meetings may be held from time to time as necessary or appropriate.
- Members of management will be invited to participate in Board meetings at the pleasure of the Board.
- Meetings will provide for and allow for independent discussion and input from all Board members and discussion among unrelated directors, when appropriate.
- The Board may delegate specific tasks, assignments or authority to individuals or committees.
- To assist the Board with responsibilities for corporate governance, organization, succession planning, officer appointment, selection of nominees for election of director and compensation; an HR and Compensation Committee and a Governance and Nominating Committee have been formed.
- Board deliberations (including those of committees) will be duly recorded in appropriate minute format by such person as may be designated from time to time. Minutes of meetings of Board committees will be provided to directors prior to the next Board meeting.
- Board meeting agendas will be prepared by the Chair and CEO, in conjunction, with the Lead Director.

#### **IV. DUTIES AND RESPONSIBILITIES**

The following are the primary and specific responsibilities and duties of the Board of Directors:

### **Primary Responsibilities and Duties:**

- (1) The Development of Strategy: The Board is responsible for ensuring that a strategic planning process is adopted and for approving the long-term goals of the Corporation. The Board must also ensure that strategic and operating plans are developed by management led by the Chair and CEO and as approved with comments from the Board. These plans should result in the Corporation achieving its long-term goals and should strike an appropriate balance between short and long-term considerations. The Board must then monitor and evaluate management's success in implementing these plans.
- (2) The Management of Risk: The Board is responsible for ensuring that the principal risks which impact Brainhunter's business (including how new risks may develop or existing risks alter with each new development effort that the Corporation plans and undertake) are regularly identified and understood. The Board must ensure that the appropriate systems are implemented to monitor and manage these risks for the benefit of the long-term viability of the Corporation.
- (3) The Appointment, Training and Monitoring of Senior Management: The Board functions through delegation to management. Therefore the Board must continually endeavour to ensure that senior management of the highest calibre is appointed and evaluated on a regular basis. Notwithstanding that regular Board evaluation and feedback, both formal and informal, is a form of training for senior management; the Board should endeavour to ensure that programs are in place for the ongoing training, development and orderly succession of all levels of senior management. The Board is also responsible for establishing compensation policies and plans so as to attract and reward high-calibre individuals for senior management positions.
- (4) Timely Communication to All Stakeholders: The Board is responsible for endeavouring to ensure that the Corporation develops a Disclosure Policy and for regularly assessing whether Brainhunter is communicating on a timely and effective manner with all stakeholders.
- (5) Controls and Information Systems: The Board is responsible for regularly reviewing the integrity of the Corporation's internal control procedures and management information systems. This will be done through the Audit Committee and in conjunction with the external auditors and the CFO.
- (6) Code of Conduct: The Board shall establish corporate policies and systems to endeavour to ensure that Brainhunter's business is conducted in accordance with proper ethical standards and in compliance with all relevant laws and regulations.

### **Specific Responsibilities and Duties**

- Review and approve corporate goals, objectives, strategies, annual operating plans and budgets.
- Review business and financial performance and deviations from operating plans and approve corrective actions.
- Review and approve business acquisitions, divestitures and strategic alliances.
- Review and approve all expenditure authorizations, which materially exceed individual or aggregate expenditure levels agreed in previously approved annual operating budgets.
- Review and approve all banking resolutions.
- Review and approve all share capital transactions.
- Review on a regular basis the systems and procedures established by management for ensuring that the Corporation complies with applicable laws and regulations including environmental laws, occupational health and safety laws and human rights codes.
- Establish appropriate committees of the Board and their terms of reference and review and approve reports or recommendations of the Board's committees.

- Review and approve the Annual Report, Annual Information Form, Management Information Circular, quarterly financial statements, MD&As, and annual financial statements.
- Provide advice to management as appropriate and take a critical role in assessing and challenging, where appropriate, recommendations and proposals from management.
- Evaluate exposure to Corporate, Director and Officer liability issues and consider steps to minimize such risks.