



ANNUAL INFORMATION FORM
For Fiscal Year Ended December 31, 2003

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GLOSSARY

This glossary contains general terms used in the discussion of the biopharmaceutical industry, as well as specific technical terms used in the descriptions of the Corporation's technologies.

Allergen – Any material which produces an allergic reaction in an individual.

AOAC INTERNATIONAL – (“Association of Analytical Communities”). Organisation for the development, use, and harmonisation of validated analytical methods and laboratory quality assurance programs and services. Responsible in the United States for the independent review and publication of testing methods.

CBCA – (“Canada Business Corporations Act”).

CFIA – (“Canadian Food Inspection Agency”).

Clinical trial – Organized studies, with human volunteers or patients, designed to provide statistically relevant clinical data for determining the efficacy and safety of new therapeutic agents, diagnostics and medical devices.

Medical Device – An item, other than a drug, that has application in medical therapy, the diagnosis, treatment, investigation or prevention of a disease or disorder in human beings or animals.

Diagnostic – A test or procedure that can be either qualitative or quantitative and is designed to reveal the occurrence or amount of a specific substance, thus indicating the presence or severity of a disease or other pathological condition.

DNA – (“Deoxyribonucleic acid”) – The chemical basis for heredity and the carrier of genetic information for most forms of life.

Enabling technology – A technology that offers the potential to develop a range of new products or provides a tool useful for the development of multiple products.

Food and Drug Administration ("FDA") – The government agency which regulates the manufacture, safety, use and efficacy of biologicals, drugs and cosmetics, medical devices, food (except meat and poultry) in the United States.

Good Laboratory Practices ("GLP") and Good Clinical Practices ("GCP") – Requirements of quality systems published by the FDA and TPD so as to ensure adequate quality control procedures for pre-clinical laboratory research and clinical trial protocols.

Good Manufacturing Practices ("GMP") – Requirements of quality system that must be met by manufacturers and others involved in the production and sale of products controlled by the FDA.

HACCP – (“Hazard Analysis and Critical Control Points”) – Quality management system in the agri-food industry that aims at ensuring the quality of a product through the monitoring of specific critical points in the production process.

Immunoassay or Immunodiagnostic – An assay method for diagnostic tests that uses antibodies to detect and quantify proteins, bacteria or other biological molecules.

Low Density Arrays (“LDA”) – Plastic microplates with 96 wells containing all the chemistry required to carry out the detection of pathogens or molecular bar codes.

MFLP – (“Microbiological Food Laboratory Procedure”) – Method of analysis for a specific pathogen that has been validated in at least one governmental laboratory and has been presented to the MMC for a thorough evaluation based on strict statistical analysis.

MMC – (“Microbiological Methods Committee”) – Committee that reviews and approves new microbiological testing methods in Canada for inclusion in the Compendium of Methods.

Molecular Bar Codes – DNA molecules of approximately 80 nucleotides (A, C, G, T) long on which specific information is encoded via the genetic code, such as the name of a supplier, a product or a lot number. The Molecular Bar Codes can be added at any step of a manufacturing process to insure the complete traceability of a product.

Molecular beacons – DNA molecules that give a pre-determined signal upon the detection of the target DNA in a diagnostic test. Can also be used for quantification.

Molecular markers – DNA sequences specific to an organism or a group of organisms.

Polymerase Chain Reaction ("PCR") – In vitro biochemical reaction that multiplies specific DNA sequences such as Molecular Markers.

Pathogens – Bacterial, viral or fungal microorganisms capable of causing disease or death.

Platform Technology – A technology that has broad applicability in terms of its potential uses.

Prion – An infectious protein particle similar to a virus but lacking nucleic acid; thought to be the agent responsible for scrapie and other degenerative diseases of the nervous system.

Protein – A molecule made up of one or more chains of amino acids that serves regulatory (hormones), protective (antibodies), structural (muscle) or storage functions.

QBIC – (“Québec Biotechnology Innovation Center”) – Biotechnology incubator in Laval (Québec) for companies in an early stage of development.

SGF – (“Société Générale de Financement”) – Investment fund of the Quebec Government.

Therapeutics Product Directorate ("TPD") – Part of the Canadian Department of Health, the government agency which regulates the manufacture, safety, efficacy and sale of human diagnostic and therapeutic products in Canada.

1. CORPORATE STRUCTURE

Warnex Inc., ("Warnex" or the "Corporation") was incorporated as Warnex Pharma Inc. by a Certificate of Incorporation issued pursuant to the provisions of the CBCA on January 4, 1996. The Articles of the Corporation were amended by a Certificate of Amendment issued on April 26, 1996 to increase the minimum number of Directors and to remove the private company provisions and the restrictions on share transfer. On June 14, 2001, the Corporation's Articles were amended to change the name of the Corporation from Warnex Pharma Inc. to its current name and to change the location of the registered office of the Corporation from Calgary, Alberta to Montreal, Quebec.

Warnex's head office, principal place of business and laboratories are located at 3885 Industriel Blvd., Laval, Quebec, H7L 4S3. The Corporation's telephone number is (450) 663-6724 and its facsimile number is (450) 669-2784. Warnex's website is located at www.warnex.ca.

As of December 31, 2003 the Corporation's subsidiaries were as follows:

Name	Jurisdiction of Incorporation	% of Vote
Warnex Analytical Services Inc. ("W-Analytical")	Canada	100%
Warnex Bioanalytical Services Inc. ("W-Bioanalytical")	Canada	100%
Warnex Research Inc. ("W-Research")	Canada	100%
Warnex Diagnostics Inc. ("W-Diagnostics")	Canada	100%
Warnex America Inc. ("W-America")	Delaware	100%

2. GENERAL DESCRIPTION OF THE BUSINESS

OVERVIEW

Warnex completed its junior capital pool offering in June 1996 with the objective to acquire and develop businesses in the pharmaceutical sector. In May 1998, the Corporation acquired the assets of Les Laboratoires Biopharm Inc. and this transaction was considered the major transaction of the Corporation pursuant to the rules of the Alberta Stock Exchange (now, the TSX Venture Exchange).

Warnex is focused on quality control for the pharmaceutical, agri-food and environmental markets and is organised around two areas of operation: analytical services and research and development. The main focus of the Corporation is centered on Genevision™, a platform technology for quality control and production management in the pharmaceutical, agri-food and environmental industries. Using DNA markers, this leading-edge technology is a robust, rapid, accurate and automated system that can be readily deployed in large manufacturing facilities.

Warnex provides funds and operational support to its subsidiaries in order to enhance their operations and, in the case of W-Research, to continue the research and development of the Genevision technology.

THREE-YEAR HISTORY

In February 2001, the Corporation completed a private placement, which resulted in gross proceeds of \$2,500,000.

In May 2001, the Corporation's subsidiary, W-Research, filed with the US Patent Office a first patent covering its unique Molecular Bar Code technology.

In October 2001, the Corporation entered into a letter of intent with Desjardins Securities Inc. ("Desjardins") whereby Desjardins would act as agent for Warnex to raise up to \$6,000,000 on a best efforts basis.

In November 2001, Warnex launched its first commercial product, the Sclerotest™, in conjunction with the Canadian Forestry Services. Sclerotest is a DNA-based diagnostic system for the detection of the Scleroderris canker, a disease that affects commercial forests, more particularly the seedlings grown in nurseries for reforestation.

In December 2001, the Corporation completed a private placement, which resulted in gross proceeds of \$2,310,000. Desjardins acted as agent for this transaction.

In December 2001, the Corporation's common shares became eligible for substitution purposes in the Quebec Stock Savings Plan.

In March 2002, the Corporation completed a private placement, which resulted in gross proceeds of \$2,205,000. Desjardins acted as agent for this transaction.

In July 2002, the Corporation completed a financing with SGF Soquia Inc. for an amount totalling \$12,000,000. Out of this amount \$9,000,000 was used for the subscription of 8,571,428 common shares and 2,142,857 common share purchase warrants and \$3,000,000 was invested in convertible debentures. The Corporation also completed a private placement, which resulted in additional gross proceeds of \$1,500,000. Concurrently with the financing, Warnex acquired the 35% interest of the shares of W-Research held by 9066-2032 Quebec Inc., a company controlled by Christian Archambault, a former executive of the Corporation, for a total consideration of \$7,350,000. The consideration was paid by the issuance of 7,000,000 common shares of Warnex and 1,750,000 common share purchase warrants.

In August 2002, the Corporation incorporated W-Diagnostics to commercialise the Genevision technology.

In October 2002, Warnex signed an agreement with the CFIA to validate the Genevision technology and provide Warnex with data to submit to the various regulatory authorities.

In November 2002, the Corporation announced that it would close down its subsidiary Groupe d'Investigations Techniques et d'Expertises (G.I.T.E.) Inc. in order to focus on developing the Genevision technology and on its analytical services business.

In December 2002, Warnex completed a private placement of 1,521,740 common shares at a price of \$1.15 per common share for an aggregate amount of \$1,750,001.

In February 2003, Warnex announced that the common shares of the Corporation had been approved for listing on the Toronto Stock Exchange. They began trading on the Toronto Stock Exchange under the stock symbol "WNX" at the market opening on February 3, 2003.

In March 2003, Warnex announced that the evaluation of the independent validation of its proprietary food safety test for the detection of *Salmonella* had been completed and that it had been granted MFLP status in Canada.

In May 2003, Warnex announced that the evaluation of the independent validation of its proprietary food safety test for the detection of *Listera monocytogenes* had been completed and that it had been granted MFLP status in Canada.

In June 2003, Warnex announced that Luc Lavigne had joined the Corporation as Vice President Sales and Marketing of W-Diagnostics to lead the Corporation's marketing efforts as it commercialises its Genevision technology.

In July 2003, Warnex announced the favourable outcome from an inspection of its facilities performed by the FDA. The FDA reviewed and inspected Warnex facilities including its analytical and bioanalytical laboratories and quality control systems.

In September 2003, Warnex announced that it had entered into an agreement with Cardinal Meats Specialists Limited, a major manufacturer and marketer of high quality, portion-controlled meat products such as burgers and fully cooked pork ribs, whereby Cardinal will use the Corporation's Genevision assays to test for *E.coli* O157, *Staphylococcus aureus*, *Salmonella* and *Listeria monocytogenes*.

In October 2003, Warnex announced that Dr. Yvan P. Côté had joined the Corporation as Vice President Research and Development of W-Research. Warnex also announced the formation of its Scientific Advisory Board whose inaugural members are Dr. Pierre Belhumeur from the department of Microbiology and Immunology of the University of Montreal and Dr. Susan Harlander, President of BIORational Consultants, a U.S. consulting firm specialising in food and agricultural biotechnology issues.

In October 2003, Warnex announced that it had entered into a collaborative agreement with Cincinnati, Ohio-based Q-Laboratories, Inc. to accelerate the process of receiving U.S. regulatory clearance by validating multiple Genevision pathogen detection tests, including one for *E.coli*. Once these assays are approved by AOAC, Q-Laboratories intends to offer this technology as part of its quality control testing program to its food service clients.

In October 2003, Warnex announced that it had entered into a marketing agreement with Med-Ox Diagnostics Inc. whereby Med-Ox's national sales force will introduce the Genevision food safety system to its extensive client base throughout Canada.

In December 2003, Warnex announced that Plumrose USA Inc., a major manufacturer of high quality meat products, will begin using Warnex's Genevision technology in its Booneville, Mississippi facility.

In January 2004, Warnex announced that its proprietary food safety test for the detection of *E.coli* O157 was independently validated and subsequently became the third Warnex test to be granted MFLP status in Canada.

In February 2004, Warnex announced that it had joined the Texas Science Partnership (TSP), a private-public service partnership managed by the Institute of Food Science and Engineering. The TSP offers participating companies the opportunity to collaborate with Texas A&M University scientists who conduct research in food technology.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

GENERAL

Warnex is a diversified genomics-based biotechnology company whose main focus is on Genevision, a platform technology for quality control and production management in the pharmaceutical, agri-food and environmental industries. Warnex also has operations providing analytical and bioanalytical services.

ANALYTICAL SERVICES

The analytical services division consists of two wholly owned subsidiaries, W-Analytical and W-Bioanalytical.

W-Analytical provides consulting and analytical services to over seventy (70) clients in the pharmaceutical and agri-food industries covering a diverse range of products.

The team of highly trained scientists working with state-of-the-art equipment carries out a wide variety of chemical and microbiological testing. Their tasks range from determining the physical, chemical and microbiological properties of raw materials to the verification of the active ingredients in a finished product.

W-Analytical also offers to its clients the facilities and trained personnel to manage both long-term and accelerated stability studies, to develop and validate new analytical methods and to revalidate existing ones to ensure compliance with current regulatory requirements.

W-Analytical's team of scientists are constantly solicited by the pharmaceutical and agri-food industries for their expertise in providing advice on regulatory matters, assisting in factory audits, and developing new standards for testing and monitoring of products. W-Analytical is accredited as a testing site by the Standards Council of Canada, the FDA and the TPP.

W-Bioanalytical provides services to pharmaceutical and biotechnology companies principally in Canada and the United States.

Experienced and knowledgeable scientists use state-of-the-art equipment and the latest techniques to develop highly exacting analytical methods that are validated in accordance with the highest standards imposed by both the FDA and the TPD.

W-Bioanalytical applies these methods to analyse samples in support of the drug development programs of pharmaceutical companies by carrying out analyses generated throughout the program beginning with pre-clinical studies in animals and proceeding with evaluation of the drug in human clinical trials. Support to the generic drug industry is provided by analysing physiological fluid samples obtained from studies in humans to determine whether the new formulations are bio-equivalent to the marketed product.

RESEARCH AND DEVELOPMENT

The Corporation conducts the majority of its research and development activities through its own staff and facilities. Warnex's strategy is to finance its research and development activities through cash flow and tax credits. In the fiscal year 2003, \$2,145,017 was invested in research and development. The research and development activities are currently focused on developing Genevision detection tests for major bacterial pathogens that threaten the food supply. W-Research has also initiated the creation of several new R&D projects to address the testing needs of the agri-food sector for agents such as food-borne viruses, allergens, toxins, and prions, the agents believed to be responsible for Mad Cow disease. Allergens are the most common cause of food recalls (CFIA, 2001) and food-borne viruses are believed to be the most common cause of food-borne illnesses (U.S. Centers for Disease Control ("CDC"), 1999). To accelerate the development of Genevision tests to detect these agents, W-Research is developing collaborations with scientists from the federal government and academia. The Corporation believes that the ability of the Genevision system to offer a complete solution to detect bacteria, viruses and allergens will surpass any diagnostic system currently on the market.

To ensure the long-term success of the Genevision system, Warnex strengthened the depth and expertise of its research team in 2003. Dr. Yvan P. Côté joined the Company as Vice President, Research and Development of W-Research and is responsible for coordinating the activities of the research group. Dr. Côté is supported in this role by Warnex's Scientific Advisory Board, whose members include Dr. Pierre Belhumeur from the Department of Microbiology and Immunology at the University of Montreal and Dr. Susan Harlander, President of BIORational Consultants, a U.S. consulting firm specialising in food and agricultural biotechnology issues. The Scientific Advisory Board provides expert advice and guidance on the orientation of research and development activities of the Corporation.

GENEVISION TECHNOLOGY

One of the critical issues facing society today is food safety and protection of the environment from a microbiological perspective. According to CDC, 1999 statistics, food-borne diseases cause an estimated 76 million illnesses and 5000 deaths each year in the United States and the agri-food industry has had food recalls in the millions of pounds. High profile events, like contaminated water in Walkerton, Ontario and the occurrence of Mad Cow disease in North America have shown the need to improve the technology used to detect the dangerous organisms that cause these tragic events.

The Genevision pathogen detection system is a revolutionary and breakthrough Quality Control diagnostic system that replaces time consuming traditional microbiology. Traditional microbiology techniques can take up to 7 days to yield results while the Genevision technology detects & identifies pathogens in 24-48 hours by taking advantage of their DNA signature. As the DNA signature of each pathogen is unique, the identification of a pathogen is highly specific and accurate. Using Real-Time Polymerase Chain Reaction (PCR) technology, the Genevision system provides two levels of specificity through the use of DNA primers and molecular beacons. In addition, while traditional microbiology techniques allow the identification of a single pathogen per test, Genevision allows for the simultaneous detection of multiple pathogens during a single run, with tests for *Salmonella* spp., *Listeria* spp., *Listeria monocytogenes* and *E. coli* O157 currently on the market.

Genevision is a total pathogen detection solution. For agri-food companies, maintaining a pathogen-monitoring program is extremely complex. The Corporation is committed to providing our clients with a comprehensive solution tailored to their needs. A unique feature of Genevision is a software system, known as Sentinel, that controls the testing instrument and automatically analyses test results, prints a customised Certificate of Analysis and distributes test results electronically to key decision makers.

The Corporation recognises that each agri-food company has unique pathogen testing needs and that there is no single testing program that will fit all companies. Instead of expecting clients to adapt to a single test format, microplates are manufactured according to the customer's specifications and adapted to the specific pathogens of concern, lot structure and production system of the client.

As part of the Corporation's commitment to provide clients with a complete pathogen testing system, the Corporation delivers to the client a turnkey laboratory complete with all the necessary equipment along with the validated Genevision tests. A Warnex Application Specialist then installs the equipment and provides a comprehensive training program to the client's personnel. Recognising that the agrifood industry does not function on a standard 9-5 schedule, Warnex provides 24/7 customer support to address any technical difficulties the client may encounter.

MANUFACTURING

The Genevision technology has two major components: the detection instrument and the Genevision pathogen detection kits, which includes the DNA extraction reagents and the LDAs. Each well of an LDA contains the molecular markers, molecular beacons and the chemical and enzymatic components necessary to complete a PCR reaction. Warnex sells the required equipment to set up the molecular diagnostic laboratories at its clients' manufacturing sites. Warnex is manufacturing in-house the LDAs and DNA extraction system for use in its Genevision kits.

The Corporation constructed during the year 2003 a manufacturing facility for the LDAs and DNA extraction system. This facility occupies approximately 2000 sq. ft. in the Warnex facility in Laval. It allows the Corporation to manufacture approximately 250,000 LDA's per year on a single shift. The construction has been planned so as to allow for additional capacity to be installed as required.

The manufacturing facility completed validation of its air handling and manufacturing equipment in the fall of 2003, which was followed by a technology transfer from research to production of the *Listeria monocytogenes*, *Listeria* spp., *Salmonella* spp. and *E. coli* O157 Genevision tests. Initial commercial production commenced in October of 2003.

MARKET FOR THE TECHNOLOGY

The market for pathogen detection in the agri-food industry is substantial. The Corporation estimates that the agrifood market for microbiology tests is worth approximately US\$5 billion. The testing market for pathogens is influenced by new regulatory requirements for additional testing, the ongoing implementation of HACCP standards, the discovery of new bacteria as well as the testing for specific species and finally by the need for large multinational companies to reduce the risk of recall that could result in damage to a branded product as well as legal and other costs.

Additionally, the use of the Genevision technology, which allows for the automatic detection of multiple organisms at a low cost, will encourage manufacturers to increase the number of tests they currently do. In addition to the pathogens, this would include organisms that may affect the quality of a product as well as potentially beneficial organisms and genetically modified organisms.

The potential users of the technology are third party laboratories such as W-Analytical and in-house laboratories located on site at major manufacturers. The Corporation estimates that over eighty per cent (80%) of all pathogen detection is performed on site and a key element in the success of the marketing effort is the ability of the Genevision technology to be deployed on site and to be used by laboratory technicians as opposed to scientific personnel.

The North American food industry is consolidating at a rapid pace. The Corporation estimates that there are approximately 4,000 potential users of the Genevision technology in North America. Since the average plant performs 10,000 to 25,000 tests per year, an average user would require 100 to 200 test kits per month.

The market for the Molecular Bar Codes will range from forensic applications such as labelling of branded products to reduce losses from counterfeiting to the tracing of a food or pharmaceutical product during the production cycle.

COMPETITION

The current market for food-borne pathogen diagnostic tests can be divided into traditional microbiology methods and “rapid” methods, which are either faster or easier to use compared to the traditional methods. Currently, traditional methods dominate the agri-food diagnostic market, with over sixty per cent (60%) of the market (Strategic Consulting Inc., 2002); however, rapid-type methods are gaining acceptance in this sector. In the near-term, the major competition for the Genevision technology will come from the traditional microbiology market and other rapid technologies using DNA or antibodies. However, while all of these represent advances in the pathogen detection market, the Corporation believes that none offer the versatility and specificity of the Genevision technology.

MARKETING PLAN

The marketing plan of the Corporation aims to develop the North American and European markets. The approach utilised varies depending on the market concerned.

In order to develop the North American market, the Corporation has begun to, and will pursue during next year, to hire sales agents responsible for promoting and selling the Genevision technology. In order to maximise the number of sales, the Corporation is using agents such as Med-Ox Diagnostics Inc. and CBO Consulting.

In order to develop the European market, the Corporation intends to conclude various distribution agreements with partners having an expertise in the marketing of traditional microbiology products and other rapid tests.

The Corporation also has the intention to increase its visibility by means of advertising campaigns in specialised magazines such as “Food Quality” and “Food Safety”. In addition, it will proceed to do mailings to potential clients and will actively participate in various special events, such as IAFT and IAFP conferences, events that will expose the technology to potential clients.

The Corporation intends to develop its market by establishing test sites at select manufacturing plants in various agri-food sectors. Once these manufacturers have used the technology and have validated the test results, the Corporation believes that the inherent advantages will encourage the users to roll out the technology throughout their organisations.

As well, the Corporation expects that regulatory recognition of the Genevision technology as an official testing method in both Canada and the United States will create significant interest among potential customers.

The Corporation has developed a wide portfolio of bacterial pathogen assays for the Genevision system, and research is beginning the development of new tests to address the risk posed by allergens and food-borne viruses. Once a customer has adopted the Genevision technology for use in pathogen detection, the business development group will maintain communication with the client so as to introduce the traceability aspect of the Genevision system as well as new Genevision tests coming out of the research pipeline. This will enhance the value for the customer since he will be able to add these features for little additional cost while adding significant additional information for quality control management.

INDEPENDENT VALIDATION

Methods of analysis, unlike drugs or medical devices, do not require regulatory approval to be offered for sale. Instead, an independent validation must prove that the performance of a kit meets or exceeds requirements, and the results of those validations are presented to various organisations (MMC, AOAC, ISO) for inclusion of the method in the various Compendia. The independent validation process is relatively simple when compared to the pharmaceutical regulatory approval process and Warnex has obtained MFLP status in Canada for its *Salmonella*, *Listeria monocytogenes* and *E. coli* O157 kits and they appear in the Compendium of Analytical Methods. The decision to grant “Laboratory Procedure” by the MMC, Health Canada, was based on the thorough validation of each of the test kits performed by the CFIA. The Corporation plans to file the appropriate documentation to AOAC International in order to obtain “Performance Tested Method” status. These approvals should be obtained during the course of 2004. The Corporation has initiated a partnership with a U.S.-based private analytical testing laboratory to conduct the necessary validation studies required to obtain “Performance Tested Method” status.

PATENTS AND TRADEMARKS

In May 2001, W-Research filed with the US Patent Office a first patent covering its Molecular Bar Code technology. This patent covers the technology used for traceability.

On July 3, 2002, the Canadian Intellectual Property Office issued a certificate stating that the Genevision trademark had been registered.

In October 2002, W-Research filed with the US Patent Office a second patent for its system for genomic detection with integrated authentication. This patent was filed to protect the Virtual Quality Assurance software (Sentinel) used in conjunction with the Genevision technology to distribute, authenticate and analyse information related to pathogen detection and identification.

In November 2002, W-Research filed with the US Trademark Office an application for the registration of the Genevision trademark in the United States.

In April 2003, W-Research filed two patents with the US Patent Office covering the molecular beacons and amplification primers for *Salmonella* and *Listeria monocytogenes*.

In December 2003, W-Research filed a patent with the US Patent Office covering the molecular beacons and amplification primers for *Clostridium perfringens*.

The Corporation intends to file the appropriate patents on a regular basis in order to fully protect its intellectual property.

The ownership of any intellectual property is protected through employment agreements with Warnex's employees. These agreements contain clauses that assign patent and invention ownership rights to Warnex and require confidentiality, non-disclosure and non-competition.

FACILITIES

The Corporation leases a 44,000 sq. ft. facility at 3885 Industriel Boulevard in Laval, Québec, which includes its offices and analytical laboratories. The lease expires in June 2006 and the Corporation has an option to renew the lease for five years.

PERSONNEL AND EMPLOYEES

The Corporation currently has 123 full-time employees and 3 consultants. Of these, 51 are employed in W-Analytical, 15 in W-Bioanalytical, 25 in W-Research, 12 in W-Diagnostics and 20 in the corporate offices.

The W-Analytical employees are represented by a union. The contract was renewed in 2003. The Corporation has not had any labour-related work stoppages during the preceding five years.

The management of the Corporation has experience in the fields of genomics, chemistry and microbiology, finance and administration as well as the management of emerging public growth companies.

Additionally, specialised marketing consultants have been hired to develop and implement various aspects of the long-term development plan of the Corporation. The Corporation expects to continue to expand its labour force during 2004.

4. MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to the 2003 Management's discussion and analysis filed on SEDAR, which is incorporated herein by reference.

5. DIVIDEND POLICY

The Corporation has not paid any dividends on its common shares and does not intend to pay any dividends in the immediate future. Any decision to pay dividends in the future will be based on the Corporation's earnings and financial requirements and other factors that the Board of Directors may consider appropriate in the circumstances.

6. MARKET FOR SECURITIES

Since February 3, 2003, the common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the trading symbol "WNX".

7. DIRECTORS AND OFFICERS

The following table sets forth the name, municipality of residence, position and office held with the Corporation, the principal position of each of Warnex's directors and officers, the initial year of nomination as a Director and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised by each nominee as at March 23, 2004.

Name and Municipality of Residence	Position within the Corporation	Principal occupation	Year of nomination as a Director	Number of shares of the Corporation
Mark J. Busgang ⁽¹⁾ Montreal, Quebec	President and Chief Executive Officer and Director	President and Chief Executive Officer, Warnex Inc.	1998	5,499,400
Richard Laferrière ⁽¹⁾⁽⁴⁾ Saint-Lambert, Quebec	Chairman of the Board and Director	President and Chief Executive Officer, FRV Media Inc.	1996	863,100
Terrance Mailloux ⁽³⁾⁽⁴⁾ Montreal, Quebec	Director	Chairman of the Board and Chief Executive Officer, Glucogenics Pharmaceuticals Inc.	1998	45,000
Hubert Carrier ⁽¹⁾⁽⁴⁾ Montreal, Quebec	Director	Vice-President, Investments, SGF Soquia Inc.	2002	Nil
Denis Huard ⁽³⁾ Montreal, Quebec	Director	President and General Manager of CDMV Inc.	2002	Nil
Warren H. Haber ⁽³⁾ New York, New York	Director	Chairman of the Board and Chief Executive Officer, Founders Equity Inc.	1998	212,500
Louis Lacasse ⁽²⁾ Montreal, Quebec	Director	President, Genechem Management Inc.	1998	45,000
Hubert Marleau ⁽²⁾ Montreal, Quebec	Director	President, Palos Capital Corporation	2000	74,000
Barry Schwartz ⁽²⁾ Montreal, Quebec	Director	Chairman of the Board and Chief Executive Officer, Sonomax Hearing Healthcare Inc., President, Two Roads Investments Inc.,	2000	25,000
Dr. Jacques Gagné ⁽¹⁾⁽⁴⁾⁽⁵⁾ Montreal, Quebec	Director	Consultant	2001	Nil
Dr. Marc Lussier ⁽³⁾⁽⁵⁾ Montreal, Quebec	Director	Vice President, Operations, HemaX Genome Inc., Chief Executive Officer, Estracure Inc.	2002	Nil

Name and Municipality of Residence	Position within the Corporation	Principal occupation	Year of nomination as a Director	Number of shares of the Corporation
Denis Pellerin Laval, Quebec	Vice-President and Chief Financial Officer	Vice-President and Chief Financial Officer, Warnex Inc.	-	35,600
Dr. Michael Mancini St-Léonard, Quebec	President of two subsidiaries	President, Warnex Analytical Inc. and Warnex Bioanalytical Inc	-	34,000
Luc Lavigne Rosemere, Quebec	Vice-President, Sales & Marketing	Vice-President, Sales & Marketing, Warnex Diagnostics Inc.	-	17,000
Yvan Côté Mirabel, Quebec	Vice-President, Research & Development	Vice-President, Research & Development, Warnex Research Inc.	-	23,467
Serge Auclair Lasalle, Quebec	Vice-President, Human Resources	Vice-President, Human Resources, Warnex Inc.	-	Nil
Carolyn Lassonde Mont St-Hilaire, Quebec	Vice-President Legal Affairs and Corporate Secretary	Lawyer	-	53,890

- (1) Member of the Executive Committee
- (2) Member of the Audit Committee
- (3) Member of the Human Resources and Remuneration Committee
- (4) Member of the Corporate Governance Committee
- (5) Member of the Research and Development Committee

Following are brief biographies of Warnex Directors and Officers:

Mark J. Busgang – Mr. Busgang has been President and Chief Executive Officer of the Corporation since February 1998. Mr. Busgang is also President of Busgang Investments Inc., a private company, since 1996. From 1993 to 1996, he was President and Chief Executive Officer of Pharmetics Ltd. and Vice President of Operations of Theratechnologies Inc.

Richard Laferrière – Mr. Laferrière has been Chairman of the Board of the Corporation since 1996. Since December 1998, Mr. Laferrière is President and Chief Executive Officer of FRV Media Inc., a company whose shares are listed on the TSX Venture Exchange and he is President and Chief Executive Officer of Fiberoptic One Inc. (TSX Venture Exchange) since April 2001.

Terrance Mailloux – Mr. Mailloux has been Chairman and Chief Executive Officer of Glucogenics Pharmaceuticals Inc. since 1997.

Warren H. Haber – Mr. Haber co-founded Founders Equity Inc. in 1969 and has served as its Chairman and Chief Executive Officer since then. He presently serves as a Director of CoStar Group, Inc. (NASDAQ), Fiberoptic One Inc. (TSX Venture Exchange) and several privately held companies and affiliates of Founders Equity. Mr. Haber also serves on the Board of Advisors of Columbia University's Mailman School of Public Health.

Louis Lacasse – Mr. Lacasse has been President of Genechem Management Inc., the management arm of Genechem Technologies Venture Fund L.P. since May 1997. Mr. Lacasse is currently a Director of several private and public companies including Metroworks Inc. and Axcan Pharma Inc.

Hubert Marleau – Mr. Marleau has been President of Palos Capital Corporation since May 1998. Mr. Marleau is currently a Director of several publicly traded companies.

Barry Schwartz – Mr. Schwartz has been Chairman and Chief Executive Officer of Sonomax Hearing Healthcare Inc. since February 2001, a company whose shares are listed on the TSX Venture Exchange, and he is President of Two Roads Investments Inc. since July 1992.

Hubert Carrier – Mr. Carrier has been Vice-President Investments at SGF Soquia Inc. (an agri-food Quebec-based company) since January 2000. He is President of the Governor's Foundation of the Food Research and Development Centre (FRDC) since 1996 as well as director of the Philippe Pariseault chair on agri-food of the University of Quebec in Montreal since 2000.

Denis Huard – Mr. Huard is President and General Manager of CDMV Inc. since August 2002. From January 1992 to July 2002, he was General Manager of Atlas Cold Storage Inc.

Dr. Jacques Gagné – A former Professor (1972 to 2002) and Dean (1982 to 1990) of Pharmacy at Université de Montréal, Dr. Gagné is since April 2001 a consultant to several companies in the biotechnology and healthcare fields. He is a member of numerous Boards of Directors of companies and public organisations.

Dr. Marc Lussier – Dr. Lussier is Vice-President, Operations, at HémaX Génome Inc. since May 2001 and Chief Executive Officer of Estracure Inc. since May 2002, two Montreal-based genomics companies. He was also President and Chief Executive Officer of Anagenis Inc. from May 2001 to November 2002. From 1998 to 2001, he was the co-founder and Director of Scientific Operations of Mycota Biosciences Inc. He also serves as consultant to the biotechnology and biopharmaceutical industries.

Denis Pellerin – Mr. Pellerin has been Vice-President and Chief Financial Officer of the Corporation since June 2001. From 1996 to 2001, he was Chief Financial Officer of ACLQ Inc. (formerly Lactel Group Inc).

Michael Mancini – Dr. Mancini has been President of Warnex Analytical Services Inc. and Warnex Bioanalytical Services Inc. since June 2000. From 1996 until joining Warnex, he was Director of Business Development and Scientific Liaison with MDS Pharma Services Inc.

Luc Lavigne – Mr. Lavigne has been Vice-President, Sales & Marketing of Warnex Diagnostics Inc. since July 2003. From March 2003 until joining Warnex, Director, Sales & Marketing at ART Advanced Research Technologies Inc. From November 1996 to November 2002, Mr. Lavigne held different positions at Roche Diagnostics Inc. including that of Director, Lab Network Division from September 1999 to November 2002, where he was responsible for the commercialisation of high technology products in the field of laboratory equipment for the Canadian market.

Yvan Côté – Dr. Côté has been Vice-President, Research & Development of Warnex Research Inc. since September 2003. From January 2003 until joining Warnex, he was Director, Clinical Research with ART Advanced Research Technologies Inc. Dr. Côté held different positions with Adaltis Inc. (BioChem ImmunoSystems Inc.), including Director, Clinical Laboratory and Research & Development, from June 1995 to July 2003.

Serge Auclair – Mr. Auclair is Vice-President, Human Resources of the Corporation. He joined Warnex in November 2002. Mr. Auclair was Manager, Human Resources at CMP Metal Products Inc. from June 2000 until joining Warnex. Prior to this, from May 1997 to April 2000, Mr. Auclair was Director, Human Resources at Summum Design Inc.

Carolyne Lassonde – Mrs Lassonde is the Vice-President, Legal Affairs of the Corporation since September 2002 and has been the Corporate Secretary of the Corporation since 1999. She was an associate with the Montreal law firm Brouillette Charpentier Fortin s.e.n.c. ("BCF") since 1998 and a partner of BCF from February to July 2002. Since July 2002, Mrs Lassonde practices under the name of Carolyne Lassonde, advocate.

The Directors and Senior Officers of the Corporation as a group beneficially own, directly or indirectly or exercise control or direction on 6,927,957 outstanding common shares, being 15.9% of the issued and outstanding common shares of the Corporation.

8. ADDITIONAL INFORMATION

At any time, the Corporation, upon request to the Corporate Secretary of the Corporation, will provide to any

person or corporation, (i) one copy of the Annual Information Form of the Corporation, together with one copy of any document or the pertinent pages of any document incorporated by reference in the Annual Information Form, (ii) one copy of the comparative financial statements of the Corporation for its most recently completed financial year for which financial statements have been filed, together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the Corporation that have been filed, if any, for any period after the end of its most recently completed financial year and (iii) one copy of the Management Proxy Circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of Directors or one copy of any annual filing prepared instead of that circular, as appropriate, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or a company who is not a shareholder of the Corporation. The public documents of the Corporation can also be accessed via Internet on the SEDAR site at www.sedar.com.

Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Corporation's Management Proxy Circular for its most recent annual meeting of shareholders that involved the election of Directors. Additional financial information is provided in the Corporation's comparative financial statements for its most recently completed financial year.