



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND MANAGEMENT PROXY CIRCULAR

Annual Meeting – April 25, 2005

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF WARNEX INC.

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Warnex Inc. (the "Corporation") will be held at the Mount Royal Club, 1175 Sherbrooke Street West, in the Princess Patricia Room, Montreal, Quebec, at the hour of 11:00 a.m., Montreal time, on Monday April 25, 2005 for the following purposes:

1. To receive the report of management and the consolidated financial statements of the Corporation for the year ended December 31, 2004, together with the auditors' report thereon;
2. To elect the Directors of the Corporation for the ensuing year;
3. To appoint the auditors for the ensuing year and to authorize the Directors to fix their remuneration; and
4. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

The enclosed Management Proxy Circular should be consulted for further details on the matters to be acted upon. A copy of the annual report to shareholders and a Form of Proxy for the meeting are also attached with this Notice.

DATED at Laval, Quebec this 4th day of March, 2005.

BY ORDER OF THE BOARD OF DIRECTORS



Geneviève Foster
Vice-President, Legal Affairs and
Corporate Secretary

IMPORTANT

Only holders of common shares of the Corporation of record at the close of business on March 10, 2005 are entitled to notice of the Meeting and only those holders of the common shares of the Corporation of record at the close of business on March 10, 2005, or who subsequently become shareholders and comply with the provisions of the *Canada Business Corporations Act* are entitled to vote at the Meeting. If you are unable to attend in person, kindly fill in, sign and return the enclosed proxy in the envelope provided for that purpose.

Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 9th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not less than 48 hours, excluding Saturdays and holidays, preceding the meeting or adjournment of the meeting.

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MANAGEMENT PROXY CIRCULAR**A. VOTING INFORMATION****PURPOSE OF SOLICITATION**

THIS MANAGEMENT PROXY CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF WARNEX INC. (THE "CORPORATION") FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD AT THE MOUNT ROYAL CLUB, 1175 SHERBROOKE STREET WEST, PRINCESS PATRICIA ROOM, MONTREAL, QUEBEC, ON MONDAY, APRIL 25, 2005, AT THE HOUR OF 11:00 O'CLOCK A.M., MONTREAL TIME, AND AT ANY ADJOURNMENTS THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited by the Management of the Corporation by telephone, fax or personal interviews. The cost of any such solicitation will be borne by the Corporation.

VOTING OF PROXIES

All Common Shares represented at the meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **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 INSTRUMENT 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 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, THEN THE MANAGEMENT DESIGNEES INTEND TO VOTE IN ACCORDANCE WITH THE JUDGEMENT OF THE MANAGEMENT OF THE CORPORATION.

Proxies, to be valid, must be deposited at the offices of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or an adjournment of the meeting.

APPOINTMENT OF PROXY

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN MARK BUSGANG AND RICHARD LAFERRIÈRE, 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 instrument of proxy and, in either case, depositing the instrument of proxy at the offices of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 9th floor, 100 University

Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory 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 depositing an instrument in writing, executed by him or his attorney authorized in writing:

- (1) at the offices of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or adjournment of the meeting at which the proxy is to be used; or
- (2) at the registered office of the Corporation, 3885 Industriel Blvd, Laval, Québec H7L 4S3, to the attention of the Corporate Secretary at any time up to and including the last business day preceding the day of the meeting at which the proxy is to be used; or
- (3) with the Chairman of the meeting on the day of the meeting or an adjournment of the meeting.

In addition, a proxy may be revoked by the shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "VOTING OF PROXIES", or by the shareholder personally attending the meeting and voting his shares.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES ON VOTING COMMON SHARES

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold Common Shares of the Corporation (the "Common Shares") in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares are likely to be registered under the name of the shareholder's broker or an agent of that broker. Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. **A Beneficial Shareholder receiving a proxy from an intermediary cannot use that proxy to vote Common Shares**

directly at the Meeting. The proxy must be returned to the intermediary well in advance of the Meeting in order to have the Common Shares voted at the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value, of which 48,649,400 Common Shares were issued and outstanding as of March 4, 2005, and entitled to vote at the meeting on the basis of one vote for each Common Share held.

The holders of Common Shares of record at the close of business on the record date, set by the Directors of the Corporation to be March 10, 2005, are entitled to vote such Common Shares at the meeting, except to the extent that:

- (1) such person transfers his shares after the record date; and
- (2) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his ownership to the shares;

and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the meeting, that his name be included on the shareholders' list.

The by-laws of the Corporation provide that two (2) persons present and representing in person or by proxy not less than 10% of the issued shares entitled to vote at the meeting constitute a quorum for the meeting.

To the knowledge of the Directors and officers of the Corporation, the only persons who beneficially own, directly or indirectly, or controls or directs, Common Shares carrying more than 10% of the voting rights of the outstanding Common Shares of the Corporation are the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Mark Busgang ⁽²⁾ Quebec, Canada	5,499,400 ⁽¹⁾	11.3%
SGF Soquia Inc. ⁽²⁾	9,321,428	19.2%
Natcan Investment Management Inc.	5,824,474	12.0%

Note :

(1) Of this number, 5,450,500 Common Shares are owned by Samaloy Holding Inc., and 48,900 Common Shares are owned by Busgang Investments Inc., both companies controlled by Mark Busgang.

(2) Pursuant to a shareholder agreement entered into with Samaloy Holding Inc., a company controlled by Mark Busgang, President and Chief Executive Officer of the Corporation and SGF Soquia Inc., the herein above-mentioned shareholders have agreed (i) to exercise their voting rights with respect to the Common Shares of the Corporation in a way that the Board of Directors of the Corporation be composed of a maximum of twelve Directors; (ii) not to vote against the nomination of the designated representative of Samaloy Holding Inc. to represent it at the Board of Directors of the Corporation as long as Samaloy Holding Inc. holds a minimum of 5% of the total outstanding Common Shares; and (iii) to vote in favour of the nomination of two designated representatives of SGF Soquia Inc. to represent it at the Board of Directors of the Corporation as long as SGF Soquia Inc. holds a minimum of 5% of the total outstanding Common Shares or as long as it will be a creditor of the Corporation.

B. BUSINESS OF THE ANNUAL MEETING

To the knowledge of the Corporation's Directors, the only matters to be placed before the meeting are those matters set forth in the accompanying notice of meeting relating to the receipt of the management report and the financial statements, the election of the Directors and the appointment of the auditors.

ELECTION OF DIRECTORS

The Articles of the Corporation stipulate that the Board of Directors shall consist of a minimum of three Directors and a maximum of fifteen Directors. Management proposes that the nine (of the current eleven) members of the Board of Directors presented in this Management Proxy Circular be re-elected to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. Please refer to Section C Board of Directors for each nominee's biography.

It is the intention of the management designees, if named as proxy, to vote for the election of said persons to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as Directors. However, if, for any reason, any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee at their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of Directors.

APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy for the appointment of Freidman & Friedman, chartered accountants, as auditors 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 election of auditors. Friedman & Friedman, Chartered Accountants have been the auditors of the Corporation since May 19, 1998. The auditors will hold office until the next Annual Meeting of Shareholders or until their successors are appointed.




SHAREHOLDER PROPOSALS





Shareholders who wish to submit a proposal for consideration at the next meeting to be held in 2006 must do so by submitting them to the attention of the Secretary of the Corporation on or before December 30, 2005 in the manner and subject to the limitations prescribed by the Canada Business Corporation Act.


C. BOARD OF DIRECTORS

BIOGRAPHIES

The following table sets forth, for each person nominated by management for election as a Director, his name, province or state and country of residence, the year in which he first became a Director, his principal occupation for the last five years, his Committee memberships, the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised and the number of stock options in the Corporation held, all as at March 4, 2005.

	<p>Richard Laferrière, of Quebec, Canada, has been Chairman of the Board of the Corporation since 1996. Since December 1998, Mr. Laferrière has been President and Chief Executive Officer of FRV Media Inc., a company whose shares are listed on the TSX Venture Exchange. Between 2001 and September 2004, he was President and Chief Executive Officer of Fiberoptic One Inc. (TSX Venture Exchange) and since October 2004, he is Chairman of the Board of Directors of Globeecom International, a TSX Venture Exchange Company.</p>	<p>Member of the Executive Committee (Chair)</p> <p>Member of the Corporate Governance Committee (Chair)</p> <p>863,100 Common Shares⁽¹⁾</p> <p>38,000 Options</p>
	<p>Mark Busgang, of Quebec, Canada, has served on the Corporation's Board since 1998. Mr. Busgang has been President and Chief Executive Officer of the Corporation since February 1998. From 1993 to 1996, he was President and Chief Executive Officer of Pharmetics Ltd. and Vice President of Operations of Theratechnologies Inc.</p>	<p>Member of the Executive Committee</p> <p>5,499,400 Common Shares⁽²⁾</p> <p>50,000 Options</p>
	<p>Hubert Carrier, of Quebec, Canada, has served on the Corporation's Board since 2002. Mr. Carrier has been Interim Group Vice-President at SGF Soquia Inc. since January 2000. He has been President of the Governor's Foundation of the Food Research and Development Centre (FRDC) since 1996 and was Director of the Philippe Pariseault chair on agri-food of the University of Quebec in Montreal between 2000 and 2004.</p>	<p>Member of the Executive Committee</p> <p>Member of the Corporate Governance Committee</p>
	<p>Jacques Gagné, of Quebec, Canada, has served on the Corporation's Board since 2001. Dr. Gagné is a former Professor (1972 to 2002) and Dean (1982 to 1990) of Pharmacy at Université de Montréal. Since April 2001, Dr. Gagné serves as a consultant to several companies in the biotechnology and healthcare fields. He is a member the Board of Directors of various companies and public organisations.</p>	<p>Member of the Executive Committee</p> <p>Member of the R&D Committee (Chair)</p> <p>Member of the Corporate Governance Committee</p> <p>63,000 Options</p>

	<p>Warren Haber, of New York, USA, has served on the Corporation's Board since 1998. 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.</p>	<p>Member of the H.R. & Remuneration Committee</p> <p>257,500 Common Shares</p> <p>23,500 Options</p>
	<p>Louis Lacasse, of Quebec, Canada, has served on the Corporation's Board since 1998. 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.</p>	<p>Member of the Audit Committee (Chair)</p> <p>45,000 Common Shares</p> <p>27,500 Options</p>
	<p>Marc Lussier, of Quebec, Canada, has served on the Corporation's Board since 2002. 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 companies in the biotechnology and biopharmaceutical industries.</p>	<p>Member of the H.R. & Remuneration Committee</p> <p>Member of the R&D Committee</p> <p>61,000 Options</p>
	<p>Terrance Mailloux, of Quebec, Canada, has served on the Corporation's Board since 1998. Mr. Mailloux has been Chairman and Chief Executive Officer of Glucogenics Pharmaceuticals Inc. since 1997.</p>	<p>Member of the H.R. & Remuneration Committee (Chair)</p> <p>Member of the Corporate Governance Committee</p> <p>45,000 Common Shares</p> <p>25,500 Options</p>

	<p>Hubert Marleau, of Quebec, Canada, has served on the Corporation's Board since 2000. Mr. Marleau has been President of Palos Capital Corporation since May 1998. Mr. Marleau is currently a Director of several publicly traded companies.</p>	<p>Member of the Audit Committee</p> <p>74,000 Common Share⁽³⁾</p> <p>65,500 Options</p>
<p>Notes :</p> <p>(1) Of these Common Shares, 833,300 are owned by Gestion Catriaex Inc., a private company controlled by Richard Laferrière.</p> <p>(2) Of these Common Shares, 5,450,500 Common Shares are owned by Samaloy Holding Inc., and 48,900 Common Shares are owned by Busgang Investments, both companies controlled by Mark Busgang.</p> <p>(3) These Common Shares are owned by Benevest Inc., a private company controlled by Hubert Marleau.</p>		

The Directors, officers and insiders of the Corporation as a group currently control 22,069,036 of the outstanding Common Shares, representing 45.4% of the issued and outstanding Common Shares of the Corporation.

The information as to the number of Common Shares beneficially owned or over which control is exercised, not being within the knowledge of the Corporation, has been provided by each nominee.

D. DIRECTOR AND EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS

Other than being reimbursed by the Corporation for their expenses or as otherwise disclosed herein, the aggregate cash compensation paid to the Directors of the Corporation for services rendered in their capacities as Directors, during the financial year ended December 31, 2004, was \$81,750 with the exception of the Chairman of the Board who received a quarterly retainer fee of \$12,000 and who received for the year 2004 a total compensation of \$48,000 and the President & CEO who does not receive Director's compensation since he is an employee of the Corporation. The compensation earned by the nominees of the SGF Soquia was paid to the SGF Soquia directly.

SUMMARY COMPENSATION TABLE - DIRECTORS

Fee for Board of Directors meeting attended	\$1,000.00
Fee for Board of Directors meeting attended by way of conference call	\$250.00
Fee for Board of Directors Committee meeting attended	\$1,000.00

Each outside Director of the Corporation receives 45,000 stock options at his initial election, of which 15,000 may be exercised immediately after his election, and 15,000 can be exercised at each of the first and second anniversary of his nomination. Beginning on the third anniversary of his nomination and subject to his re-election, an outside Director receives, annually, 7,000 stock options of the Corporation.

COMPENSATION OF EXECUTIVES

The following table provides detailed compensation information for the last three financial years for the President and Chief Executive Officer, the Chief Financial Officer and the three other most highly remunerated executive officers of the Corporation (the "Named Executive Officers"). The Corporation paid its Named Executive Officers an aggregate of \$910,422 in remuneration (salary, bonuses and RRSP contributions) during fiscal year 2004.

SUMMARY COMPENSATION TABLE – NAMED EXECUTIVE OFFICERS

Name and Principal Position	Year	Salary (\$)	Bonus (\$)⁽¹⁾	Other Annual Compensation (\$)⁽²⁾	Long-Term compensation Securities under Options (#)	All Other Compensation⁽³⁾
Mark Busgang President and Chief Executive Officer	2004	217,535	18,000	6,000	-	1,864
	2003	194,712	35,000	5,755	-	-
	2002	159,900	35,000	-	-	-
Denis Pellerin Vice President and Chief Financial Officer	2004	168,795	14,500	6,000	-	1,618
	2003	169,040	39,383	2,960	-	-
	2002	120,192	25,000	3,000	-	-
Michael Mancini President, Warnex Analytical Services Inc. and Warnex Bioanalytical Services	2004	168,795	35,000	6,000	-	1,618
	2003	166,153	29,495	-	-	-
	2002	136,711	12,000	-	20,834	-
Luc Lavigne ⁽⁴⁾ Vice President, Sales & Marketing Warnex Diagnostics Inc.	2004	150,000	-	6,000	-	1,471
	2003	69,232	-	850	75,000	-
	2002	-	-	-	-	-
Yvan Côté ⁽⁵⁾ Vice President and General Manager of Warnex Clinical Services and Vice President, Research & Development, Warnex Research Inc.	2004	125,000	5,000	6,000	-	1,226
	2003	39,904	10,000	290	45,000	-
	2002	-	-	-	-	-
Notes :						
(1) Bonuses, if any, are usually paid subsequent to the end of the fiscal year. Therefore, bonuses paid in 2004 relate to 2003 fiscal year.						
(2) The other compensation represent car allowance. The executive does not get any car expenses reimbursed even when using his personal car for business activity. The aggregate amount of other annual compensation was no greater than the lesser of \$50,000 and 10 percent of the total annual salary and bonus of each Named Executive Officer in each financial year.						
(3) All other compensation includes the Corporation's contribution to a group RRSP.						
(4) Luc Lavigne has been employed by the Corporation since July 2003.						
(5) Yvan Côté has been employed by the Corporation since September 2003.						

Stock Option and Other Plans

The Corporation has adopted the 2003 Stock Option Plan (the "Stock Option Plan") for the Directors, officers, employees and consultants of the Corporation and its subsidiaries, as designated by the Board of Directors of the Corporation or the Human Resources and Remuneration Committee, pursuant to which options to purchase an aggregate of 4,319,273 common shares, which represent, on the date hereof, 8.8% of all issued and outstanding common shares, may be granted.

The number of Common Shares covered by any stock option, the exercise price, expiry date and vesting period of such stock option and any other matter pertaining thereto are determined by the Board of Directors of the Corporation or the Human Resources and Remuneration Committee. Options granted are non-assignable except if the assignment is approved by the Human Resources and Remuneration Committee

or the Board of Directors, the assignee is an “Authorized Assignee” under the terms of the Plan, no compensation is made during the course of the assignment and the assignment conforms to the applicable policies of the Stock Exchange. No single person may be granted options covering more than 5% of the Corporation’s issued and outstanding Common Shares. Options are fully exercisable by the optionee’s legal representative, in the case of death or physical or mental disability of the optionee within a period of one year thereafter. Otherwise, options will lapse upon termination of employment or the end of the business relationship with the Corporation except that they may be exercised for 90 days after termination or the end of the business relationship, to the extent that they will have vested on such date.

No option may be allotted for a period exceeding 10 years and the exercise price of each stock option is equal to the market price of the share at the close of business of the exchange on the date immediately preceding the grant. Unless the Board of Directors or the Human Resources and Remuneration Committee decides otherwise, each option granted pursuant to the Plan will vest in three annual and equal tranches from the date of its grant and at each of the two subsequent anniversaries. Notwithstanding the foregoing, if the Corporation is sold, all the options that are not vested at the time of the sale will become vested and may be exercised by the optionees. The Plan also provides for the adjustment of the number and price of the stock options in the case of reorganization, merger, subdivision and consolidation of the shares and in other situations defined in the Plan. In some of these situations, the approval of the Toronto Stock Exchange and/or the shareholders of the Corporation may have to be obtained. The Board of Directors of the Corporation has the right to amend the Plan, subject to amendments which require the approval of the Toronto Stock Exchange or of the shareholders of the Corporation in accordance with the applicable rules and regulations.

No stock option was granted to Named Executive Officers in the financial year ended December 31, 2004.

The following table shows the number of unexercised options held at year-end and the year-end value of the unexercised options for options held by Named Executive Officers, no options having been exercised by them during this period.

YEAR-END OPTION VALUES

Name	Securities acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End Exercisable/Unexercisable	Value (\$) ⁽¹⁾ of Unexercised in the Money Options at Financial Year-End Exercisable/Unexercisable
Mark Busgang	Nil	Nil	50,000/ -	\$5,000/ -
Denis Pellerin	Nil	Nil	80,000/ -	\$500/ -
Michael Mancini	Nil	Nil	110,834/ -	\$54,000/ -
Luc Lavigne	Nil	Nil	50,000/25,000	\$11,500/ \$5,750
Yvan Côté	Nil	Nil	30,000/15,000	\$7,800/ \$3,900
Note :				
(1) For the purpose of calculating the value of the stock options, the exercise price of each stock option was subtracted from the closing trading price of the Common Shares on the Toronto Stock Exchange on December 31, 2004, the last trading day in the Corporation’s financial year ended December 31, 2004, which was \$1.10.				

In the financial year ended December 31, 2004, a total of 582,000 stock options were granted to management, employees and consultants of the Corporation and its subsidiaries, 16,000 options were exercised and 147,000 stock options were cancelled. As of December 31, 2004, options to purchase an aggregate of 1,617,334 common shares were issued and outstanding, which represented 3.3% of all issued and outstanding common shares.

The Corporation does not have any pension plan.

Long Term Incentive Plans

Other than the 2003 Stock Option Plan, the Corporation does not have any plans which provide compensation intended to serve as incentive to Named Executive Officers for performance to occur for a period longer than one financial year.

Employment and Consulting Agreements

The Corporation is party to an employment agreement with Mark Busgang, Denis Pellerin, Michael Mancini, Yvan Côté and Luc Lavigne. Mr. Busgang and Mr. Pellerin's agreements provide that in the event the employee is terminated without cause, the Corporation must pay to the employee a compensation in lieu of notice equivalent to the total cash compensation (including benefits) received by the employee during the twelve months preceding the termination. Dr. Mancini's agreement provides that in the event the employee is terminated without cause, the Corporation must pay to the employee a compensation in lieu of notice equivalent to six months of salary plus one month of salary per subsequent year of employment, after the first year, the whole up to a maximum of twelve months. Dr. Côté and Mr. Lavigne's agreements provide that in the event the employee is terminated without cause, the Corporation must pay to the employee a compensation in lieu of notice equivalent to six months of salary plus one month of salary per subsequent month of employment, after the first year, the whole up to a maximum of twelve months.

Termination of Employment or Change of Control

Except otherwise mentioned in this document, there is no plan or arrangement in respect of compensation received or that may be received by the Named Executive Officers in the most recently completed financial year with a view to compensating those officers in the event of termination of their employment or a change of responsibilities following a change in control.

Other Compensation

Other than as herein set forth, the Corporation did not pay any additional compensation to its Named Executive Officers or Directors in the financial year ended December 31, 2004.

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

During the financial year ended December 31, 2004, the members of the Human Resources and Remuneration Committee were initially Hubert Marleau (Chairman), Warren Haber, Louis Lacasse and Denis Huard, and on June 7, 2004, following the annual meeting of shareholders, Mr. Marleau and Mr. Lacasse were replaced by Terrence Mailloux (Chairman) and Marc Lussier. The Committee advises the Board of Directors of the Corporation on the compensation of the Chief Executive Officer and of the executive officers of the Corporation. This committee is comprised solely of Directors who are independent from the management of the Corporation. During the financial year ended December 31, 2004, the Human Resources and Remuneration Committee met twice.

The Committee establishes management compensation policies and oversees their general implementation. In addition, the Committee monitors management succession planning and conducts periodic reviews of the overall condition and quality of the Corporation's human resources.

The guiding philosophy of the committee in the determination of executive compensation is the following: (i) remuneration is a function of performance, (ii) the need to provide a total compensation

package that will, within the context of the market, attract and retain qualified, experienced top-performing executives and (iii) fostering identification with shareholder interests.

The Committee recognizes that the nature of the Corporation's business is highly competitive and that the ability to attract and retain dedicated and talented individuals with highly specialized skills and qualifications is critical to the Corporation's success. The salaries of executive officers have been established based on national surveys of the industry provided by independent consultants. Remuneration of executive officers is revised each year and has been structured to encourage and reward the executive officers on the bases of short-term and long-term corporate performance. In the context of the analysis of the remuneration, the three following components are examined: base salary, annual bonus based on both the Corporation's and the individual's performance and grant of stock options of the Corporation.

In its effort to maintain the competitiveness of the Corporation, the Committee continually monitors available peer group information. The Committee is of the view that the Corporation's general compensation practices and methods are comparable to those in the industry.

The Committee assesses the overall performance of Mark Busgang, the Corporation's President and Chief Executive Officer, on the basis of preestablished objectives including goals relating to the Corporation and each division's performance, to the Corporation's financing, and to investor relation activities. In recognition of Mr. Busgang's performance, the Committee has recommended, for the fiscal year ended December 31, 2004, the payment of a bonus aggregating \$50,000.

The Human Resources and Remuneration Committee has approved the publication of the present report and its inclusion in the Information Circular.

Terrence Mailloux, Chairman
Warren Haber
Denis Huard
Marc Lussier

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No Director, officer, nor any of their respective associates or affiliates is or has been at any time since the date of incorporation indebted to the Corporation.

E. OTHER INFORMATION**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board of Directors and Management of the Corporation believe that appropriate corporate governance practices are important for the effective management of the Corporation and value creation for its shareholders. A description of the Corporation's corporate governance practices follows in tabular form with reference to the actual guidelines on corporate governance issued by the Toronto Stock Exchange.

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
<p><i>1. The board should explicitly assume responsibility for stewardship of the corporation and adopt a formal mandate setting out the board's stewardship responsibilities, and as part of the overall stewardship responsibility, the board should assume responsibility for the following matters:</i></p>	<p>The Board of Directors of the Corporation assumes responsibility for the stewardship of the Corporation. In this context, the Board of Directors is responsible for the general positioning of the Corporation and supervises, as a general rule, the commercial activities of the Corporation.</p>
<p><i>a. adoption of a strategic planning process and the approval and review, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the business;</i></p>	<p>Annually, the Board of Directors and senior management of the Corporation review, assess and adjust, as appropriate, the strategic direction of the Corporation, set goals and objectives and determine the best use of corporate capital and resources, taking into account the business opportunities and the risks for the Corporation. Regularly during the year the Board monitors management's success in implementing the strategies and goals approved by it at the beginning of the year.</p>
<p><i>b. the identification of the principal risks of the corporation's business and overseeing the implementation of appropriate systems to manage these risks;</i></p>	<p>The Board of Directors supervises the identification and management of risks. The Board together with the committees of the Board are responsible for setting up the necessary systems in order to manage these risks.</p>
<p><i>c. succession planning, including appointing, training and monitoring senior management;</i></p>	<p>The Board of Directors and the Human Resources and Remuneration Committee follow the development of the resources at the executive level as well as the succession planning. Performance and improvement reviews of executives have also been established.</p>
<p><i>d. communication policies for the corporation;</i></p>	<p>The Board of Directors has adopted a formal communication policy and an insider trading policy to improve communication between the Board, the Corporation's shareholders, management, employees and the public. The Board of Directors approves the major disclosure documents including the quarterly and year end financial statements, the annual report, the Annual Information Form and the Proxy Information Circular. Conference calls are held for quarterly earnings and major corporate developments, accessible simultaneously to all interested parties, some as participants and others in a listen-only mode by telephone or via a webcast over the Internet. The Corporation has also adopted a Code of Ethics for its Directors, employees, officers and consultants.</p>

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
<i>e. the integrity of the corporation's internal control and management information systems.</i>	The Audit Committee (of which all members are outside and independent Directors) is responsible for ensuring that management has established an adequate system of internal controls. Through discussions and meetings with management and external auditors on a quarterly basis, it reviews the financial position of the Corporation and ensures compliance with applicable laws and the integrity of internal control and management information systems.
2. <i>The Board of Directors of every corporation should be constituted with a majority of individuals who qualify as unrelated Directors. If the corporation has a significant shareholder, in addition to a majority of unrelated Directors, the board should include a number of Directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.</i>	Only one person, Mark Busgang (President & Chief Executive Officer), of the nine persons proposed for election to the Board of Directors is related to the Corporation under the Toronto Stock Exchange guidelines. The remaining eight persons are unrelated Directors under the TSX guidelines. Messrs. Hubert Carrier and Denis Huard were named on the Board as representatives of SGF Soquia Inc., a significant shareholder of the Corporation. Refer to note 3 of the table under the section « Voting shares and principal holders thereof ». Mr. Huard will not stand for re-election for the year 2005-2006.
3. <i>The application of the definition of "unrelated Director" to the circumstances of each individual Director should be the responsibility of the board which is required to disclose whether the board has a majority of unrelated Directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of Directors which are not related to either the corporation or the significant shareholder. The board is also required to disclose the analysis supporting this conclusion.</i>	Mark Busgang is a related Director due to his position as President and Chief Executive Officer of the Corporation. The remaining Directors of the Corporation are unrelated Directors who do not hold office with the Corporation and are free from any interest, business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the Corporation's best interests. (Also refer to the disclosure of section 2 above).
4. <i>The Board of Directors of every corporation should appoint a committee of Directors composed solely of non-management Directors, a majority of whom are unrelated Directors, with the responsibility for proposing to the full board new nominees to the board and for assessing Directors on an ongoing basis.</i>	The Corporate Governance Committee (of which all members are outside and unrelated Directors) recommends to the Board of Directors qualified candidates for the Board of Directors as well as review nominees for re-election at the Shareholders' Annual Meeting.
5. <i>Every Board of Directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual Directors.</i>	The Corporate Governance Committee is responsible for reviewing the effectiveness of the Board of Directors with a view to improving communication with management, increasing Board involvement with the Corporation's business and establishing committees necessary to better monitor and manage activities within the Corporation. The committee assesses the effectiveness of the Board and of the Committees each year. A detailed questionnaire to this effect is completed by each Board member and each committee member.
6. <i>Every corporation, as an integral element of the process for appointing new Directors, should provide an orientation and education program for new recruits to the board.</i>	The Directors' Manual outlines the responsibilities and the policies of the Board and its committees. The Chairman of the Board and senior management provide orientation and education for new Board members, through interviews and tours.

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
7. <i>Every Board of Directors should examine its size and composition and undertake, where appropriate, a program to establish a board comprised of members who facilitate effective decision-making.</i>	The Corporate Governance Committee is responsible for evaluating the size and composition of the Board of Directors and to make appropriate recommendations to the Board of Directors. The Board of Directors considers that for the actual development of the Corporation, nine members of the Board, out of which eight members are unrelated, represents an effective number for decision-making and committee participation.
8. <i>A committee of the Board of Directors should review the adequacy and form of the compensation of Directors, with such compensation realistically reflecting the responsibilities and risks of such a position.</i>	The Board of Directors and the Human Resources and Remuneration Committee review and approve the compensation policies and practices of the Directors in order to ensure that such compensation realistically reflects the responsibilities and risks associated with the position of Director.
9. <i>Committees of the Board of Directors should generally be composed solely of outside Directors, a majority of whom are unrelated Directors.</i>	With the exception of the Executive Committee, all committees of the Board of Directors are composed solely of outside and unrelated Directors.
10. <i>Every Board of Directors should expressly assume responsibility for, or assign to a committee of Directors the general responsibility for developing the corporation's approach to governance issues. This committee would, among other things, be responsible for the corporation's response to the governance guidelines.</i>	Corporate governance issues are the responsibility of the Corporate Governance Committee. The Committee proposes and recommends to the Board of Directors the necessary measures in order to implement an efficient corporate governance policy. The Corporate Governance Committee and the Board of Directors have reviewed and approved the Corporation's response to the Toronto Stock Exchange guidelines.
11. <i>The Board of Directors, together with the Chief Executive Officer, should develop position descriptions for the board and for the Chief Executive Officer, including the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives that the Chief Executive Officer is responsible for meeting and assess the Chief Executive Officer against these objectives.</i>	The Board of Directors approves annually the corporate objectives which the Chief Executive Officer must meet and evaluates him according to these objectives. The Board establishes and reviews, when necessary, the limits to management's responsibilities.
12. <i>Every Board of Directors should implement structures and procedures that ensure that the board can function independently of management. The chair or lead Director should oversee the board in carrying out its responsibilities effectively which will involve the board meeting on a regular basis without management present and may involve assigning the responsibility for administering the board's relationship to management to a committee of the board.</i>	The Chairman of the Board of Directors is not a member of the Management of the Corporation. The Chairman of the Board ensures that the Board properly discharges its responsibilities. The Board holds meetings on a regular basis without the presence of Management.

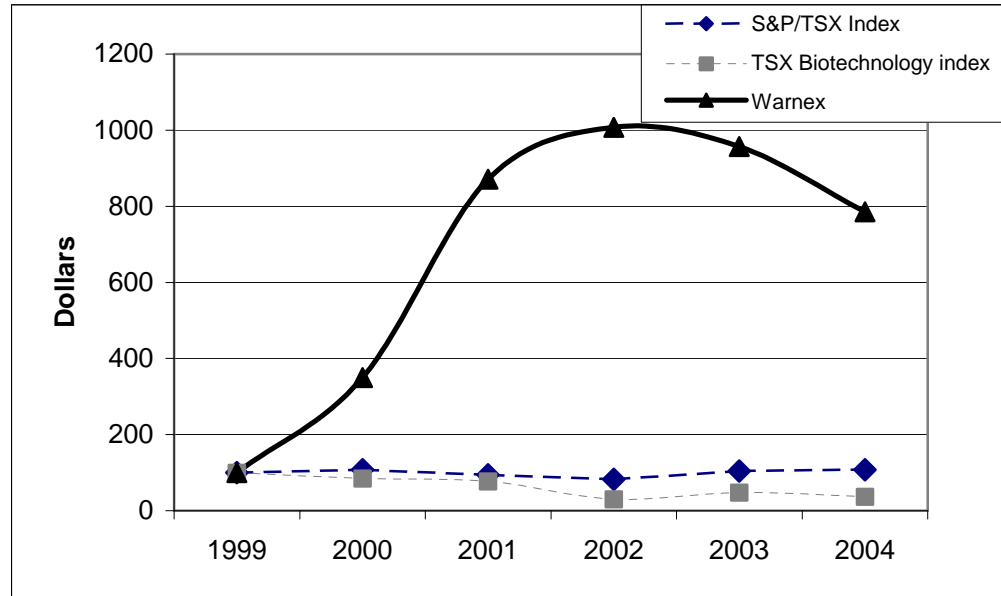
TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
<p>13. <i>The audit committee should be composed solely of unrelated Directors. All of the members of the audit committee should be financially literate and at least one member should have accounting or related financial experience. Each board shall determine the definition of and criteria for “financial literacy” and “accounting or related financial experience”. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management’s responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to oversee this responsibility.</i></p>	<p>The Audit Committee is comprised solely of outside and unrelated Directors. The Audit Committee monitors the Corporation’s accounting and financial reporting practices and internal control systems. It reviews the quarterly and annual consolidated financial statements and MD&A and meets on a regular basis with the external auditors and with the Chief Financial Officer of the Corporation. The members of this committee are all financially literate as they hold or have held senior positions to which financial responsibilities were attached. The Audit Committee has a written Charter which terms are set out in the Corporation’s 2004 Annual Information Form.</p>
<p>14. <i>The Board of Directors should implement a system which enables an individual Director to engage an external adviser at the expense of the company in appropriate circumstances. The engagement of the external advisor should be subject to the approval of an appropriate committee of the board.</i></p>	<p>Individual Directors may hire outside advisors at the expense of the Corporation with the authorization of the Corporate Governance Committee. All Board committees may engage outside advisors at the expense of the Corporation.</p>

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation provides, at its sole cost, liability insurance for its Directors and officers covering them against liability arising while engaged in those capacities by means of insurance policies which also cover the Directors and officers of the Corporation’s subsidiaries, if any. During the fiscal year ended December 31, 2004, the policy provided maximum coverage of \$5,000,000 per occurrence and a maximum coverage of \$5,000,000 per each policy period subject to a deductible of \$25,000 per occurrence for the Corporation. The premium paid for the policies was \$35,311. Neither the policies nor the premium paid make any distinction between the liability insurance for the Corporation’s Directors and officers, since the coverage is the same for both groups.

PERFORMANCE CHART

The following graph compares the cumulative total shareholder return for a \$100 investment in Common Shares of the Corporation made on December 31, 1999 on Canadian Exchanges (TSX Venture Exchange until February 2003 and Toronto Stock Exchange from that date) and the cumulative total return of the TSX Biotechnology and S&P/TSX indices.



INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any Director, officer or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon, other than the election of Directors.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Other than as set forth below, management of the Corporation is not aware of any material interest, direct or indirect, of any insider of the Corporation, or any associate or affiliate of any such person in any transaction during the financial year ended December 31, 2004, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

The Corporation paid \$48,000 to Europartners Inc., a company controlled by Richard Laferrière, for consulting services provided to the Corporation as Chairman of the Board.

Carolynne Lassonde, who was Vice President, Legal Affairs and Corporate Secretary of the Corporation until August 2004, received remuneration as a consultant in the amount of \$93,333.36.

Busgang Realty Inc., a company controlled by Mark Busgang, President and Chief Executive Officer of the Corporation, has entered into a lease with the Corporation for its premises at 3885 Industriel Blvd, Laval, Quebec. The initial term of the lease ends June 30, 2006 and calls for annual minimum payments of \$243,408. In January 2005, the Corporation exercised its option to renew the lease for an additional period of five years, up to June 30, 2011.

Jacques Gagné, a Director of the Corporation, has provided consulting services to the Corporate Governance Committee of the Corporation and has received compensation of \$6,400 for these services.

GENERAL

Except as otherwise mentioned, the information contained herein is given as of the 4th day of March 2005.

ADDITIONAL INFORMATION

Additional financial and other information relating to the Company is included in its 2004, audited annual and unaudited quarterly financial statements, annual and quarterly Management's Discussion and Analysis of Financial Position and Results of Operations, Annual Information form and other continuous disclosure documents which are available on SEDAR at www.sedar.com and on the Corporation's website at www.warnex.ca.

APPROVAL OF THE DIRECTORS

The Directors of the Corporation have approved the content and mailing of this Management Proxy Circular to the shareholders, Directors and auditors of the Corporation.



Geneviève Foster
Vice-President, Legal Affairs
and Corporate Secretary

Laval, March 4, 2005



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