



MANAGEMENT PROXY CIRCULAR

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 AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD AT THE MOUNT ROYAL CLUB, 1175 SHERBROOKE STREET WEST, PRINCESS PATRICIA ROOM, MONTREAL, QUEBEC, ON TUESDAY, THE 3rd DAY OF JUNE, 2003, 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. Pursuant to National Policy Statement #41 (Shareholder communication), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the Common Shares. 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, 7th 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, 7th 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, 7th 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. In Canada, the majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities, which acts as depository for many Canadian brokerage firms). 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. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Shareholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to IICC 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.

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 or at the registered office 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.

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 43,487,739 Common Shares were issued and outstanding as of March 31, 2003, 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 May 2, 2003, 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, Common Shares carrying more than 10% of the voting rights of the outstanding Common Shares of the Corporation are the following:

Name	Type of Ownership	Number of Common Shares	Percentage of the Class Outstanding
Mark Busgang ⁽³⁾ Montreal, Quebec	Direct/Indirect	5,740,000 ⁽¹⁾	13.2%
Christian Archambault ⁽³⁾ Laval, Quebec	Direct/Indirect	7,677,072 ⁽²⁾	17.7%
SGF Soquia Inc. ⁽³⁾	Direct	8,571,428	19.7%

Note :

- (1) Of this number, 5,445,000 Common Shares are owned by Samaloy Holding Inc., a company controlled by Mark Busgang.
- (2) Of this number, 625,000 Common Shares are owned by 9089-1102 Quebec Inc. and 7,028,572 Common Shares are owned by 9066-2032 Quebec Inc., two companies controlled by Christian Archambault.
- (3) 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, 9089-1102 Quebec Inc. and 9066-2032 Quebec Inc., two companies controlled by Christian Archambault, Chief Operating Officer and Executive Vice-President 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; (iii) to vote in favour of the nomination of the designated representative of 9066-2032 Quebec Inc., to represent it at the Board of Directors of the Corporation as long as 9066-2032 Quebec Inc. holds a minimum of 5% of the total outstanding Common Shares and (iv) 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.

PARTICULARS OF MATTERS TO BE ACTED UPON

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, the appointment of the auditors and the approval of the 2003 - Stock Option Plan.

I. 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 current twelve members of the Board of Directors be re-elected for the fiscal year ending December 31, 2003. **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.** Each director elected will 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.

The following table sets forth, for each person nominated by management for election as a director, his name, municipality of residence, the year in which he first became a director, the principal occupation of each nominee for the last five years and the number of Common Shares of the Corporation beneficially

owned, directly or indirectly, or over which control or direction was exercised by each nominee as at April 15, 2003.

Name and Municipality of Residence	Director since	Principal Occupation for Previous Five Years	Common Shares Beneficially Owned ⁽¹⁾
Mark Busgang ⁽²⁾ Montreal, Quebec	1998	President and Chief Executive Officer of the Corporation since February 1998. President of Busgang Investments Inc., a private company, since 1996. From 1993 to 1996, President and Chief Executive Officer of Pharmetics Ltd. and Vice-President of Operations of Theratechnologies Inc.	5,740,000 ⁽⁷⁾
Richard Laferrière ^{(2) (5)} Saint-Lambert, Quebec	1996	Chairman of the Board of the Corporation since 1996. President and Chief Executive Officer of FRV Média Inc. (TSX Venture Exchange) since December 1998. President and Chief Executive Officer of Fibreoptic One Inc. (TSX Venture Exchange) since April 2001.	843,100 ⁽⁸⁾
Terrance Mailloux ^{(3) (5)} Montreal, Quebec	1998	Chairman of the Board and Chief Executive Officer of Glucogenics Pharmaceuticals Inc. since 1997.	Nil
Warren Haber ⁽⁴⁾ New York, New York	1998	Mr. Haber, Managing Partner, co-founded Founders Equity in 1969 and has served as its Chairman and Chief Executive Officer since then. He presently serves as a Director of Costar Group, Inc. and American LifeCare Inc.; Mr. Haber also serves on the Board of Advisors of Columbia University's Mailman School of Public Health and is a Judge for Ernst & Young's Entrepreneur of the year program.	212,500
Louis Lacasse ^{(3) (4)} Montreal, Quebec	1998	President of GeneChem Management Inc., the management arm of GeneChem Technologies Venture Fund L.P. since May 1997. Currently a Director of several private and public companies including Metrowerks Inc. and Axcan Pharma Inc.	45,000
Christian Archambault ⁽²⁾ Laval, Quebec	2000	Chief Operating Officer of the Corporation since November 2002 and Executive Vice-President of the Corporation since June 2000. From 1997 to 1999, President and Founder of Groupe d'Investigations Techniques et d'Expertises Inc. and of Laboratoires d'analyses et de diagnostics Norscience Inc.	7,677,072 ⁽⁹⁾
Hubert Marleau ⁽⁴⁾ Montreal, Quebec	2000	President of Palos Capital Corporation since May 1998. Currently a Director of several companies listed on the Toronto Stock Exchange.	47,500 ⁽¹⁰⁾
Barry Schwartz ⁽³⁾ Montreal, Quebec	2000	Chairman of the Board and Chief Executive Officer of Sonomax Hearing Healthcare Inc. (TSX Venture Exchange) since February 2001. President of Two Roads Investments Inc. since July 1992.	25,000 ⁽¹¹⁾
Jacques Gagné ^{(5) (6)} Montreal, Quebec	2001	Consultant for several companies since April 2001. Director of the Frosst Healthcare Foundation from March 1999 to March 2001. From 1996 to 1997, Chairman of the Board of LAB International Holdings Inc.	Nil
Marc Lussier ⁽⁶⁾ Montreal, Quebec	2002	Vice-President, Operations, HémaX Génome Inc. since May 2001 and Chief Executive Officer of Estracure Inc. since May 2002, two Montreal-based genomics companies. President and Chief Executive Officer of Anagenis Inc. from May 2001 to November 2002. From 1998 to 2001, co-founder and Director of Scientific Operations of Mycota Biosciences Inc. He also serves as consultant to the biotechnology and biopharmaceutical industries.	Nil

Name and Municipality of Residence	Director since	Principal Occupation for Previous Five Years	Common Shares Beneficially Owned ⁽¹⁾
Hubert Carrier ⁽⁵⁾ Montreal, Quebec	2002	Vice-President, Investments, SGF Soquia Inc. (an agrifood Quebec-based company) since January 2000. President of the Governor's Foundation of the Food Research and Development Centre (FRDC) since 1996 as well as director of the Philippe Pariseau chair on agrifood of the University of Quebec in Montreal since 2000.	Nil
Denis Huard ⁽⁴⁾ Montreal, Quebec	2002	President and General Manager of CDMV Inc. since August 2002. From January 1992 to July 2002, General Manager of Atlas Cold Storage Inc.	Nil

Notes :

- (1) Does not include Common Shares that may be acquired upon exercise of stock options and share purchase warrants.
- (2) Member or proposed member of the Executive Committee of the Corporation.
- (3) Member or proposed member of the Audit Committee of the Corporation.
- (4) Member or proposed member of the Human Resources and Remuneration Committee of the Corporation.
- (5) Member or proposed member of the Corporate Governance Committee of the Corporation.
- (6) Member or proposed member of the Research & Development Committee of the Corporation.
- (7) Of these Common Shares, 5,445,000 are owned by Samaloy Holding Inc., a private company controlled by Mark Busgang.
- (8) Of these Common Shares, 833,300 are owned by Gestion Catrialex Inc., a private company controlled by Richard Laferrière.
- (9) Of these Common Shares, 625,000 are owned by 9089-1102 Quebec Inc. and 7,028,572 are owned by 9066-2032 Quebec Inc., two private companies controlled by Christian Archambault.
- (10) These Common Shares are owned by Benevest Inc., a private company controlled by Hubert Marleau.
- (11) These Common Shares are owned by Two Roads Investments Inc., a private company controlled by Barry Schwartz.

The directors, officers and insiders of the Corporation as a group currently control 23,181,600 of the outstanding Common Shares, representing 53.7% 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.

STATEMENT OF EXECUTIVE COMPENSATION

The following table, presented in accordance with the requirements of the Canadian securities laws and regulations, sets forth all compensation paid for the last three financial years, in respect of the individuals who were, as at December 31, 2002, the President and Chief Executive Officer and the four most highly compensated executive officers of the Corporation who earned a salary and bonus of more than \$100,000 (the "Named Executive Officers"). The Corporation had four Named Executive Officers for the financial year ended December 31, 2002.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)⁽¹⁾	Number of options (#)	All Other Compensation
Mark Busgang	2002	199,749	35,000	-	-	-
President and Chief Executive Officer	2001	93,590	-	-	50,000	-
	2000	94,280	-	-	-	-
Christian Archambault ⁽²⁾	2002	154,322	30,000	-	-	-
Chief Operating Officer and Executive Vice-President	2001	115,000	30,000	-	50,000	-
	2000	50,000	-	-	162,500	-
Denis Pellerin ⁽³⁾	2002	154,138	25,000	-	-	-
Chief Financial Officer	2001	62,500	12,500	-	80,000	-
	2000	-	-	-	-	-
Michael Mancini ⁽⁴⁾	2002	149,007	25,000	-	20,834	-
President of Warnex Analytical Services Inc. and of Warnex Bioanalytical Services Inc.	2001	125,000	12,000	-	15,000	-
	2000	55,288	-	-	75,000	-

Notes :

- (1) The aggregate amount of other annual compensation as defined by applicable securities regulations was no greater than the lesser of \$10,000 and 10 percent of the total annual salary and bonus of each Named Executive Officer in each financial year.
- (2) Christian Archambault has been employed by the Corporation since June 2000.
- (3) Denis Pellerin has been employed by the Corporation since June 2001.
- (4) Michael Mancini has been employed by the Corporation since July 2000.

Stock Option and Other Plans

The Stock Option Plan provides that directors, officers, employees and consultants of the Corporation or its subsidiaries may receive stock options. The number of stock options granted under the Stock Option Plan may not exceed ten percent of the issued and outstanding Common Shares of the Corporation. In addition, the number of Common Shares reserved for issuance for stock options granted to any one individual may not exceed five percent of the issued and outstanding Common Shares of the Corporation. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price and other restrictions imposed by the relevant regulatory authorities. The Stock Option Plan also provides that no option shall be granted to any person except upon recommendation of the Directors of the Corporation. Stock options granted under the Stock Option Plan may not be for a period longer than five years. The exercise price must be paid in full upon exercise of the options. The outstanding options which were granted pursuant to this Plan will be subject to the 2003 – Stock Option Plan if such plan is approved by the shareholders of the Corporation at which time the previous plan will be cancelled. Refer to the section “Approval of the 2003 – Stock Option Plan of the Corporation”.

The following table sets forth the stock options granted to Named Executive Officers in the financial year ended December 31, 2002:

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Michael Mancini	20,834	6.8 %	\$1.20	\$1.20 ⁽¹⁾	Dec. 20, 2007

Note :

- (1) Market value is determined by the closing price of the Common Shares on the TSX Venture Exchange on the last trading day prior to the date of the grant.

The following table shows the aggregate number of options exercised by the Named Executive Officers in the financial year ended December 31, 2002 and the value realized upon exercise of the options, as well as 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.

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	345,000/ -	\$392,200/ -
Christian Archambault	Nil	Nil	212,500/ -	\$184,625/ -
Denis Pellerin	Nil	Nil	55,000/25,000	\$10,050/\$4,000
Michael Mancini	Nil	Nil	110,834/ -	\$86,275/ -

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 TSX Venture Exchange on December 31, 2002, the last trading day in the Corporation's financial year ended December 31, 2002, which was \$1.41.

In the financial year ended December 31, 2002, a total of 304,834 stock options were granted to management, employees and consultants of the Corporation and its subsidiaries, 85,450 options were exercised and 59,000 stock options were cancelled.

The Corporation does not have any pension or retirement plans.

Long Term Incentive Plans

Other than the 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, pursuant to which Mr. Busgang has agreed to provide his services to the Corporation as President and Chief Executive Officer. This 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 twelve months of his salary then applicable at the time of termination. The employee also has the right to receive, during the same period, the advantages related to the collective insurance plan of the Corporation.

The Corporation is party to an employment agreement with Dr. Christian Archambault, pursuant to which Dr. Archambault has agreed to provide his services to the Corporation as Chief Operating Officer and Executive Vice-President. This 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 the total cash compensation, including any benefits, received by the employee during the twelve months preceding the termination of the agreement.

The Corporation is party to an employment agreement with Denis Pellerin, pursuant to which Mr. Pellerin has agreed to provide his services to the Corporation as Chief Financial Officer. This 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 twelve months of salary.

The Corporation is party to an employment agreement with Dr. Michael Mancini, pursuant to which Dr. Mancini has agreed to provide his services as President to the Corporation's two wholly owned subsidiaries. This 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.

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, 2002.

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

For the financial year ended December 31, 2002, the members of the Human Resources and Remuneration Committee were: Hubert Marleau, Chairman, Warren Haber, Louis Lacasse and Denis Huard. 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, 2002, the Human Resources and Remuneration Committee met five times.

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

Hubert Marleau, Chairman
Warren Haber
Louis Lacasse
Denis Huard

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, 2002, was \$ 20,000 with the exception of the Chairman of the Board who receives a quarterly retainer fee of \$12,000 and who received for the year 2002 a total compensation of \$36,000. The SGF Soquia Inc. nominees do not receive any compensation for their services as Directors or committee members. Each outside director received a fee of \$500 for each meeting of the Board that he attended. 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, an outside director has the right to receive, annually, 5,000 stock options of the Corporation. The outside director receives, each year, and for each committee that he is named to, 2,000 stock options of the Corporation.

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.

II. APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote th 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.

III. APPROVAL OF THE 2003 - STOCK OPTION PLAN OF THE CORPORATION

The management designees, if named as proxy, intend to vote in favour of the 2003-1 Resolution.

In order to respect the requirements of the Toronto Stock Exchange with respect to incentive plans, the Directors of the Corporation have approved the 2003 – Stock Option Plan of the Corporation (the "Plan").

The Plan aims mainly to encourage the directors, executives, employees and consultants to acquire a

participation in the Corporation in view to facilitate their recruitment, the maintenance of their positions and their motivation by offering them a long-term incentive element. The persons eligible under the terms of the Plan who may receive options to subscribe Common Shares are composed of the directors, the officers, the employees and the consultants of the Corporation or its subsidiaries. The Plan provides that a maximum of 4,319,273 options to subscribe Common Shares may be granted, which number represents 10% of the total issued and outstanding shares of the Corporation on the date of the approval of the Plan by the Directors. Options granted under the terms of the current plan of the Corporation will be governed by the Plan. Refer to the section “Stock Option and Other Plans”. On the inception date of the Plan, 1,197,334 options to subscribe Common Shares were granted under the terms of the other plan of the Corporation.

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 under particular circumstances and 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 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 may have to be obtained.

The resolution concerning the approval of the 2003 – Stock Option Plan (the “2003-1 Resolution”) which the shareholders of the Corporation are asked to consider, will approve the Plan if passed. The 2003-1 Resolution, which will be voted on at the Meeting, is attached to this Management Proxy Circular as Schedule “A”. In order to be passed, the 2003-1 Resolution needs the affirmative vote of a simple majority of shareholders present and voting at the meeting in person or by proxy.

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
1. <i>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>	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.

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
a. <i>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>	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.
b. <i>the identification of the principal risks of the corporation's business and overseeing the implementation of appropriate systems to manage these risks;</i>	The Board of Directors supervises the identification and management of risks. The committees of the Board are responsible for setting up the necessary systems in order to manage these risks.
c. <i>succession planning, including appointing, training and monitoring senior management;</i>	The Board of Directors and the Human Resources and Remuneration Committee follow closely 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.
d. <i>communication policies for the corporation;</i>	The Corporation has established a communication policy for its employees, officers and directors. This policy is currently under review. 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.
e. <i>the integrity of the corporation's internal control and management information systems.</i>	The Audit Committee (of which all members are outside and unrelated directors) evaluates the necessity and the efficiency of internal controls. The Committee reviews the questions concerning the financial position of the Corporation at each quarter in order to ensure that internal controls and accounting systems are respected.
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>	Two of the twelve persons proposed for election to the Board of Directors are related to the Corporation under the Toronto Stock Exchange guidelines. These are Mark Busgang (President and Chief Executive Officer) and Christian Archambault (Chief Operating Officer and Executive Vice-President). The remaining ten persons are unrelated directors. 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 ». The directors consider that the actual structure of the Board is equitable for all the shareholders of the Corporation.
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>	Messrs. Mark Busgang and Christian Archambault are related directors due to their positions as President and Chief Executive Officer and Chief Operating Officer and Executive Vice-President of the Corporation, respectively. The remaining directors of the Corporation are unrelated directors who do not hold office with the Corporation and are not subject to any influence by the Corporation. (Also refer to the disclosure of section 2 above).

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
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 comprised of Messrs. Richard Laferrière, Terrance Mailloux, Jacques Gagné and Hubert Carrier 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.
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.
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 Committee considers that for the actual development of the Corporation, twelve members of the Board, out of which ten 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 (comprised of Messrs. Richard Laferrière, Mark Busgang and Christian Archambault), 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.

TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES	COMMENTS
<p>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></p>	<p>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.</p>
<p>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></p>	<p>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.</p>
<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 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 have held senior positions to which financial responsibilities were attached.</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 with the authorization of the Chairman of the Board.</p>

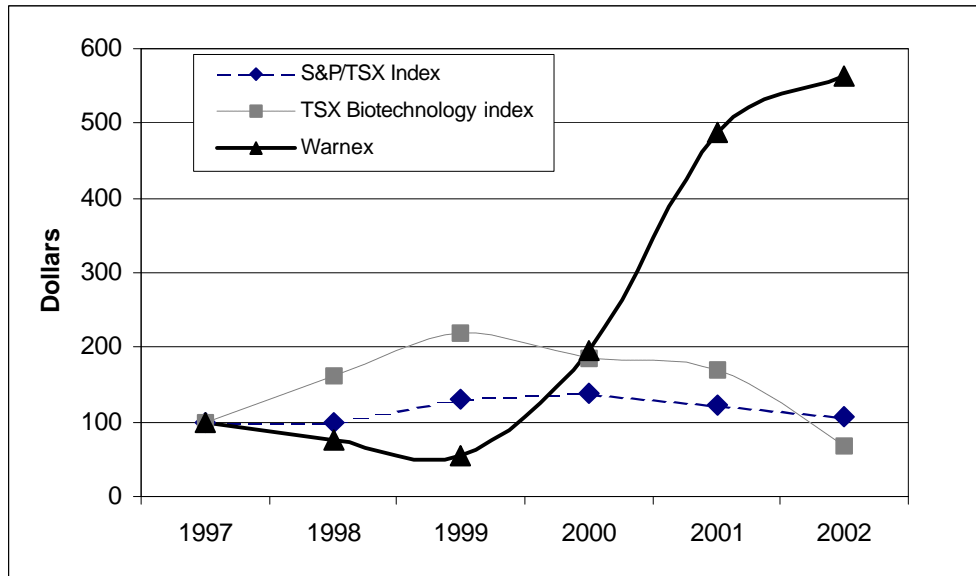
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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, 2002, 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 \$13,490. 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, 1997 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, 2002, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

The Corporation paid \$36,000 to Europartners Inc., a company controlled by Richard Laferrière, for consulting services provided to the Corporation as Chairman of the Board.

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 lease ends June 30, 2006 and calls for annual minimum payments of \$243,408. The Corporation has an option permitting it to renew the lease for an additional period of five years, up to June 30, 2011.

Carolyn Lassonde, Vice-President, Legal Affairs, and Corporate Secretary of the Corporation, has provided her services as Officer of the Corporation, as Consultant and has received compensation of \$37,733 for these services.

On July 12, 2002, the Corporation acquired the minority interest of its subsidiary, Warnex Research Inc. which shares were owned by 9066-2032 Quebec Inc., a corporation controlled by Christian Archambault, Chief Operating Officer and Executive Vice-President of the Corporation in consideration of the issuance of 7,000,000 Common Shares and of 1,750,000 share purchase warrants, a consideration having a total value of \$7,350,000.

GENERAL

This information is given as of the 29th day of April, 2003.

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.



Carolyn Lassonde
Vice-President, Legal Affairs
and Corporate Secretary

Laval, April 29th, 2003

SCHEDULE "A"

RESOLUTION 2003-1

(Approval of the 2003 Stock option plan)

A proposal for the adoption of the following resolution will be submitted to the shareholders at the meeting:

RESOLVED:

1. **TO APPROVE** the 2003 Stock option plan of the Corporation (the "Plan") as the Plan is presented in the Management Proxy Circular dated April 29th, 2003, which plan provides among other things the granting of a maximum of 4,319,273 options to subscribe Common Shares.
2. **THAT** the President or the Corporate Secretary of the Corporation or any director or officer be authorized to take any measure and to sign and to deliver any document that is necessary in order to put in place the Plan and to give effect to the foregoing resolution.