



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND MANAGEMENT PROXY CIRCULAR

Annual Meeting – April 29, 2008

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 Hotel Sheraton, 2440 Autoroute des Laurentides, Laval, Quebec, "Salon Chomedey" at the hour of 11:00 a.m., Montreal time, on Tuesday, April 29, 2008, 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, 2007, 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 10th day of March, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'Mark Busgang', with a long horizontal flourish underneath.

Mark Busgang
President and CEO

IMPORTANT

Only holders of common shares of the Corporation of record at the close of business on March 26, 2008, are entitled to receive a notice of the Meeting and only those holders of the common shares of the Corporation of record at the close of business on March 26, 2008, 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, 7th Floor, 1500 University Street, Montreal, Quebec, H3A 3S8, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or adjournment of the meeting.

TABLE OF CONTENTS

A. VOTING INFORMATION

Purpose of Solicitation	Page 1
Voting of Proxies	Page 1
Appointment of Proxy	Page 1
Revocation of Proxies	Page 2
Advice to Beneficial Holders of Common Shares on Voting Common Shares	Page 2
Voting Shares and Principal Holders Thereof	Page 3

B. BUSINESS OF THE ANNUAL MEETING

Election of Directors	Page 4
Appointment of Auditors	Page 4
Shareholder Proposals	Page 4

C. BOARD OF DIRECTORS

Biographies	Page 5
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D. DIRECTOR AND EXECUTIVE COMPENSATION

Compensation of Directors	Page 7
Compensation of Executives	Page 8
Composition of the Human Resources and Remuneration Committee and Report on Executive Compensation	Page 11

E. OTHER INFORMATION

Performance Graph	Page 13
Report of the Corporate Governance Committee	Page 13
Directors' and Officers' Liability Insurance	Page 19
Interest of Certain Persons in Matters to be Acted Upon	Page 19
Indebtedness of Directors and Officers	Page 19
Interest of Insiders in Material Transactions	Page 19
General	Page 20
Additional Information	Page 20
Approval of the Directors	Page 20

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 HOTEL SHERATON, 2440 AUTOROUTE DES LAURENTIDES, LAVAL, QUEBEC, “SALON CHOMEDEY”, ON TUESDAY, APRIL 29, 2008, 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, 7th Floor, 1500 University Street, Montreal, Quebec, H3A 3S8, 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, 1500 University Street, Montreal, Quebec, H3A 3S8, 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, 1500 University Street, Montreal, Quebec, H3A 3S8, 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, Quebec 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 and an unlimited number of preferred shares, without nominal or par value, of which 51,973,875 Common Shares were issued and outstanding as of March 10, 2008, 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 26, 2008, 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:

PRINCIPAL HOLDERS OF SHARES

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Mark Busgang ⁽²⁾ Quebec, Canada	5,499,400 ⁽¹⁾	10.6%
SGF Soquia Inc. ⁽²⁾	9,321,428	17.9%
Natcan Investment Management Inc.	10,600,249	20.4%

Note :

(1) Of this number, 5,321,928 Common Shares are owned by Busgang Investments Inc., a company controlled by Mark Busgang, and 177,472 Common Shares are owned by Mark Busgang.

(2) Pursuant to a shareholder agreement entered into with Busgang Investments Inc. (formerly 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 Busgang Investments Inc. to represent it at the Board of Directors of the Corporation as long as Busgang Investments 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 eight members of the Board of Directors presented in this Management Proxy Circular be elected to hold office until the next annual meeting of shareholders or until his or her 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 Nexia 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. Nexia 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 2009 must do so by submitting them to the attention of the Secretary of the Corporation on or before December 12, 2008, 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 or her name, province or state and country of residence, the year in which he or she first became a Director, his or her principal occupation for the last five years, his or her 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 10, 2008.

 <p>Richard Laferrière, 53 Quebec, Canada Shares: 750,000⁽¹⁾ Options: 46,900</p>	<p>Since December 1998, Mr. Laferrière has been President and Chief Executive Officer as well as Director of FRV Media Inc. In September 2005, Mr. Laferrière joined the Board of Directors of Extenway Solutions Inc., where he serves as Chairman of the Board since 2005. In 2007, Mr. Laferrière joined the Board of Directors of Fronsac Capital Inc.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors since 1996 • Member of the Corporate Governance Committee (Chair) • Member of the Independent Committee (Chair)⁽²⁾ • Independent director
 <p>Mark Busgang, 52 Quebec, Canada Shares: 5,499,400⁽³⁾</p>	<p>Mr. Busgang has served on the Corporation's Board and 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. He presently serves as Chairman of the Board of Directors of Mistral Pharma Inc.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Director since 1998 • Related director due to his position as President and CEO of the Corporation
 <p>Louis Lacasse, 51 Quebec, Canada Shares : 45,000 Options: 30,500</p>	<p>Mr. Lacasse has been President of GeneChem Management Inc., the management arm of GeneChem Technologies Venture Fund L.P., since May 1997 and is also President of Agechem Financial Inc. since 2006. Mr. Lacasse is currently a Director of several companies including Chromos Molecular Systems Inc., Methylgene Inc. and several private companies.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Director since 1998 • Member of the Audit Committee (Chair) • Member of the Independent Committee • Independent director

 <p>Hubert Marleau, 64 Quebec, Canada Options: 30,500</p>	<p>Mr. Marleau has been President of Palos Capital Corporation since May 1998. Mr. Marleau is currently a Director of the following publicly traded companies: Artevo Corporation, Buzz Telecommunication Services Inc., CanAlaska Uranium Ltd. (formerly CanAlaska Ventures Ltd.), Freegold Ventures Limited, Global Development Resources, Inc., GobiMin Inc., Huntington Exploration Inc., Maudore Minerals Ltd., MCO Capital Inc., Mitec Telecom Inc., Niocan Inc. and Uni-Select Inc.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Director since 2000 • Member of the Audit Committee • Member of the Independent Committee⁽²⁾ • Independent director
 <p>Dr. Jacques Gagné, 65 Quebec, Canada Options : 28,000</p>	<p>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. Among others, he is Chairman of the Québec Biotechnology Innovation Center (QBIC) and President of the “Fond d’assurance responsabilité de l’Ordre des pharmaciens du Québec”. Dr. Gagné is also a Director of Mistral Pharma Inc.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Director since 2001 • Member of the Human Resources and Remuneration Committee (Chair) • Member of the Corporate Governance Committee • Independent director
 <p>Eric Veilleux, 37 Quebec, Canada</p>	<p>Mr. Veilleux is Senior Director, Investment Support, for the Société générale de financement du Québec (“SGF”). Mr. Veilleux has more than 14 years of experience in the world of accounting and finance. Prior to joining the SGF, he was an advisor for Raymond Chabot Grant Thornton, from 1998 to 2001, and a director at KPMG from 1992 to 1998.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • Director since September 2006 • Member of the Audit Committee • Member of the Human Resources and Remuneration Committee • Independent director
 <p>Mattie Chinks, 57 Quebec, Canada</p>	<p>Mr. Chinks is President of Avmor Ltd., a company which manufactures institutional cleaning and maintenance chemical products, since 1996.</p> <p>Board Details:</p> <ul style="list-style-type: none"> • New candidate for election as Director • If elected, would be considered as an Independent director

	<p>Mr. Gagnon serves as a consultant to several companies in the biopharmaceutical and healthcare fields. Mr. Gagnon spent 25 years in the management of healthcare related organizations in both hospital administration (8 years) and in the pharmaceutical industry (17 years). Between 1999 and 2007, Mr. Gagnon worked at Aeterna Zentaris, a biopharmaceutical company focused on oncology and endocrinology, where he held the positions of Vice-President, Business Development (1999-2001), President and Chief Operating Officer (2001-2003) and President and Chief Executive Officer (2003-2007). Mr. Gagnon is also a Director of Ceapro Inc.</p>
<p>Gilles Gagnon, 54 Quebec, Canada</p>	<p>Board Details:</p> <ul style="list-style-type: none"> • New candidate for election as Director • If elected, would be considered as an Independent director
<p>(1) These Common Shares are owned by Gestion Catriaalex Inc., a private company controlled by Richard Laferrière. (2) The Independent Committee was formed on May 8, 2007 and was terminated on December 19, 2007. (3) Of these Common Shares, 5,321,928 Common Shares are owned by Busgang Investments Inc., a company controlled by Mark Busgang, and 177,472 Common Shares are owned by Mark Busgang.</p>	

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.

Information relative to orders, bankruptcies, penalties or sanctions involving the proposed Directors may be found in the Corporation's Annual Information Form for the year ended December 31, 2007, which may be consulted on SEDAR at www.sedar.com. or on the Corporation's Website at www.warnex.ca, and which may be obtained free of charge upon request to the Corporation's Corporate Secretary.

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 earned by the Directors of the Corporation for services rendered in their capacities as Directors, during the financial year ended December 31, 2007, was \$125,750 with the exception of the Chairman of the Board who earned a quarterly retainer fee of \$6,000, as well as a one-time compensation of \$12,000 for his participation in the Independent Committee, and who received for the year 2007 a total compensation of \$36,000, and the President and CEO who does not receive Director's compensation since he is an employee of the Corporation. The compensation earned by Eric Veilleux, a nominee of SGF Soquia was paid to SGF Soquia directly.

SUMMARY COMPENSATION TABLE - DIRECTORS

Detail	Compensation
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
Additional Fee for Committee Chairs (per meeting attended)	\$500.00
One-time compensation paid to members of the Independent Committee upon termination of the Committee's mandate ⁽¹⁾	\$12,000.00

⁽¹⁾ The Independent Committee was formed on May 8, 2007 and was dissolved on December 19, 2007.

In accordance with the Corporation's present policy, 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, and 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. The Corporation's Board of Directors is currently reviewing possible changes to this policy.

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 \$1,145,500 in remuneration (salary, bonuses, other annual compensation and RRSP contributions) during fiscal year 2007.

SUMMARY COMPENSATION TABLE – NAMED EXECUTIVE OFFICERS

Name and Principal Position	Year	Salary (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation ⁽³⁾ (\$)	Long-Term compensation Securities under Options (#)	All Other Compensation ⁽⁴⁾ (\$)
Mark Busgang President and Chief Executive Officer	2007	190,875 ⁽¹⁾	-	27,000	-	1,928
	2006	240,875	-	27,000	-	2,402
	2005	235,000	42,300	21,000	-	2,315
Denis Pellerin Vice President and Chief Financial Officer	2007	194,750	-	12,000	-	1,947
	2006	194,750	-	12,000	-	1,942
	2005	190,000	31,200	6,000	-	1,881
Michael Mancini President, Warnex Bioanalytical Services	2007	205,000	90,885	12,000	-	2,050
	2006	205,000	-	12,000	-	2,043
	2005	200,000	36,000	6,000	-	1,973
Erik Yelle ⁽⁵⁾ Vice President, Operations, Warnex Analytical Services	2007	180,000	-	12,000	-	1,800
	2006	180,000	-	12,000	75,000	1,800
	2005	-	-	-	-	-
Yvan Côté Vice President and General Manager, Warnex Medical Laboratories	2007	153,750	45,921	12,000	-	1,594
	2006	153,750	-	12,000	-	1,533
	2005	150,000	27,000	6,000	30,000	1,481

Name and Principal Position	Year	Salary (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation ⁽³⁾ (\$)	Long-Term compensation Securities under Options (#)	All Other Compensation ⁽⁴⁾ (\$)
Notes :						
(1) Considering the Corporation's financial position, Mark Busgang offered in January 2007 to reduce his base salary by \$50,000 for the year 2007 only.						
(2) Bonuses, if any, are usually paid subsequent to the end of the fiscal year.						
(3) The "Other Compensation" represents car allowances. Executives do not receive reimbursement for car expenses even when using his or her personal car for business purposes. For the President and Chief Executive Officer, other annual compensation also includes \$15,000 of personal expenses.						
(4) "All Other Compensation" includes the Corporation's contribution to a group RRSP.						
(5) Erik Yelle has been employed by the Corporation since January 3, 2006.						

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 March 10, 2008, 8.3% 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.

GRANT OF STOCK OPTIONS TO NAMED EXECUTIVE OFFICERS

No options were granted to Named Executive Officers in the financial year ended December 31, 2007. In accordance with the Corporation's current policy, the Corporation's Executive Officers are entitled to

receive 75,000 options upon the beginning of their employment. No new named Executive Officer joined the Corporation in 2007. The Corporation's Board of Directors is currently reviewing possible changes to this policy.

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	0/0	\$0/\$0
Denis Pellerin	Nil	Nil	0/0	\$0/\$0
Michael Mancini	Nil	Nil	0/0	\$0/\$0
Erik Yelle	Nil	Nil	50,000/25,000	\$0/\$0
Yvan Côté	Nil	Nil	75,000/0	\$0/\$0
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 28, 2007, the last trading day in the Corporation's financial year ended December 31, 2007, which was \$0.165.				

In the financial year ended December 31, 2007, no stock options were granted to management, employees and consultants of the Corporation and its subsidiaries, no options were exercised and 303,834 options were cancelled. As of December 31, 2007, options to purchase an aggregate of 1,087,900 common shares were issued and outstanding, which represented 2.1% 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 Erik Yelle. 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 received by the employee during the fifteen months preceding the termination (including base salary, bonus, discretionary expense account, car allowance and other benefits including the group insurance plan, retirement saving plan, membership fees) as well as the bonus for the fiscal year during which the termination occurs, prorated based on the number of months worked during the said fiscal year. Dr. Mancini, Dr. Côté and Mr. Yelle'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 twelve months of salary (including base salary, bonus, discretionary expense account, car allowance and other benefits including the group insurance plan, retirement saving plan, membership fees) as well as the bonus for the fiscal year during which the termination occurs, prorated based on the number of months worked during the said fiscal year. In addition, the Named Executive Officers' employment agreements provide that in the event of a transaction involving the purchase of the Corporation

by a third party prior to May 31, 2008: Mr. Busgang and Mr. Pellerin shall be entitled to receive special performance bonuses representing \$70,000 and \$55,000 respectively, subject to certain conditions being met, payable 10 days following the Closing Date; and Dr. Mancini, Dr. Côté and Mr. Yelle shall be entitled to receive a retention bonus representing 20% of their base salary, subject to certain conditions being met, payable 10 days following the Closing Date, as well as an additional retention bonus representing 30% of their base salary, subject to certain conditions being met, payable 10 days after the end of the six-month period following the Closing Date.

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, 2007.

COMPOSITION OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE AND REPORT ON EXECUTIVE COMPENSATION

Composition of the Human Resources and Remuneration Committee

From January 1, 2007 to April 24, 2007, the members of the Human Resources and Remuneration Committee were Terrance Mailloux (Chairman), Warren Haber and Marc Lussier, and as of April 24, 2007, the members were Jacques Gagné (Chairman), Marc Lussier and Diane Lanctôt. Ms Lanctôt resigned from the Committee on August 7, 2007 and was replaced on that date by Eric Veilleux. 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, 2007, 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.

Executive Compensation

The guiding philosophy of the committee in the determination of executive compensation is the following: (i) remuneration is a function of performance and (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.

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. For instance, the Committee was provided with a survey performed by AON entitled "2006 Biotechnology Compensation Trends (Canada & USA)", which amongst other elements presents the average compensation of CEOs and CFOs in a group of 50 companies in the biotechnology industry, in Canada and in the United States, as well as a Report prepared by Groupe Conseil SD specifically for the Corporation in March 2006, which provided an analysis of each of the Corporation's executive officer's remuneration as well as recommendations.

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 and grant of stock options of the Corporation.

The Corporation has a bonus plan for the executive officers which is based on a percentage of their base salary. For the year 2007, the three divisional named executive officers had objectives based on attaining pre-established revenue goals and EBITDA goals of their respective division. The corporate executive officers' bonuses are discretionary and are based amongst other criteria on the Corporation's overall performance. The bonuses to be paid to the divisional named executive officers are set out in the Summary Compensation Table (Item D of this Information Circular). No bonuses will be paid in 2008 to corporate executive officers for the results of financial year 2007. The executive officers are also entitled to other benefits such as a car allowance and a contribution to their Retirement Savings Plan.

The Corporation has adopted a policy on the award of stock options under which executive officers are entitled to receive a one-time grant of 75,000 stock options upon their hiring. The Corporation's Board of Directors is currently reviewing possible changes to this policy.

The Committee believes that the base salary of its executive officers for 2007 was at market conditions. Due to foreseen events for 2007, including the divesting of the Diagnostics and Research divisions which was finalized in July 2007, the review by the Corporation of its strategic options announced in April 2007 and terminated in December 2007, and the overall results and financial position of the Corporation, the base salaries of the executive officers were not increased in 2007.

Compensation of the CEO

Mark Busgang, the Corporation's CEO, is remunerated on the basis of a base salary and an annual bonus. Considering the Corporation's financial position, Mr. Busgang offered in January 2007 to reduce his base salary by \$50,000 for the year 2007 only. The Human Resources and Remuneration Committee is of the opinion that Mr. Busgang's salary for 2007 was under market rates, based on the AON and Groupe Conseil SD studies referenced above.

The Committee annually assesses the overall performance of Mark Busgang, the Corporation's President and Chief Executive Officer, on the basis of preestablished objectives. Exceptionally, considering the Corporation's decision to proceed to a review of its strategic options, which was announced in April 2007 and which terminated in December 2007, the Board of Directors decided not to establish set objectives for the CEO, who was focused on assisting the Board of Directors in its review. Based on the financial position of the Corporation, the Committee has recommended, for the fiscal year ended December 31, 2007, that no bonus be payable to Mr. Busgang.

Mr. Busgang currently holds no options of the Corporation. Considering the Corporation's current financial position, the Committee has decided not to grant further options to Mr. Busgang at the present time.

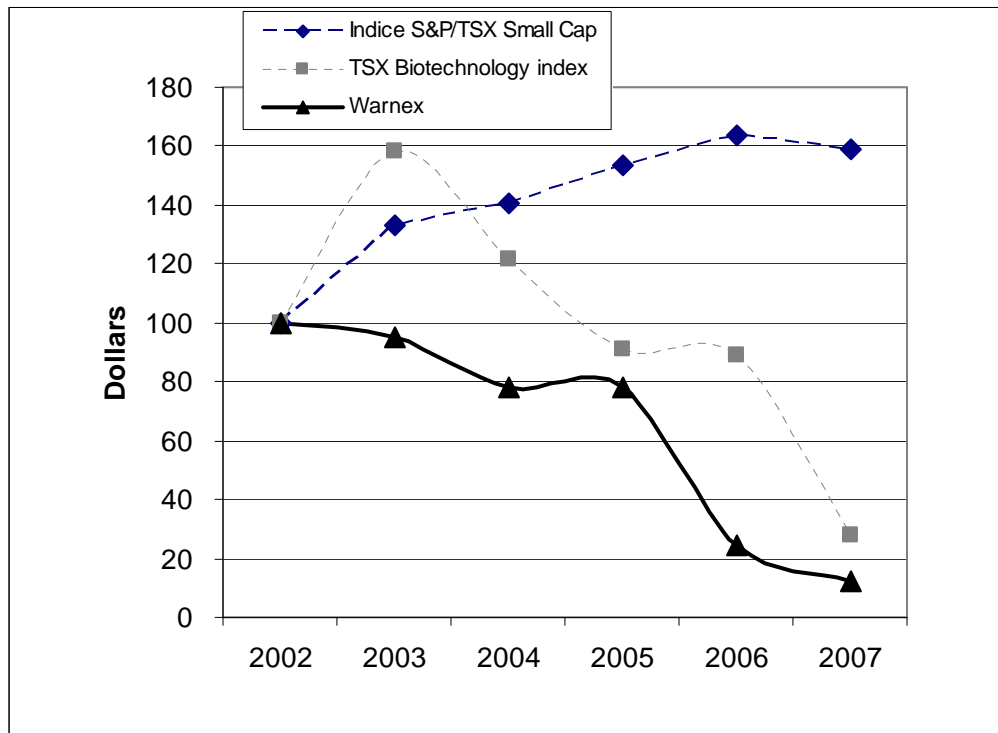
The Human Resources and Remuneration Committee has approved the publication of the present report and its inclusion in the Information Circular.

Jacques Gagné, Chairman
Eric Veilleux
Marc Lussier

E. OTHER INFORMATION

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return for a \$100 investment in Common Shares of the Corporation made on December 31, 2001, 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 Smallcap indices.



REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors and the management of the Corporation believe that good corporate governance is an important factor in the Corporation's overall success and in enhancing shareholder value. The following disclosure sets out the Corporation's corporate governance practices.

Mandate, Structure and Composition of the Corporation's Board of Directors

The Corporation's Board of Directors currently consists of ten (10) members. Six (6) of these ten (10) members are proposed for re-election as directors for the ensuing year and two (2) new candidates are proposed for election as directors.

Corporate Governance Manual

The Board of Directors has adopted a Corporate Governance Manual, which includes the mandate of the Board of Directors and of each of its committees, position descriptions for the Chairman of the Board of Directors, for the President and Chief Executive Officer of the Corporation and for each of the Committee Chairs, as well as the Corporation's Code of Ethics, its Communications Policy, and its Procedures for Complaints and Concerns Regarding Accounting, Internal Accounting Controls, Auditing and Other Matters.

The mandate of the Board of Directors is reproduced as Schedule B of the Corporation's 2007 Annual Information Form, which may be consulted on SEDAR at www.sedar.com.

Director Independence

The Corporation considers that 9 out of its 10 directors are independent as defined in Multilateral Instrument 52-110. The Board of Directors has determined that the directors identified as being independent in this Management Proxy Circular do not have a direct or indirect relationship with the Corporation that could reasonably interfere with the Directors' ability to exercise their independent judgment, and that they are therefore independent under the applicable guidelines and rules. Mark Busgang is considered as a related director due to his position as President and CEO of the Corporation.

The Board of Directors holds meetings regularly without the presence of members of management and of Mark Busgang, President, CEO and Director, following the Corporation's scheduled Board meetings. In 2007, the Board of Directors met on four occasions without members of management and Mr. Busgang's presence.

The mandate of the Board of Directors and the Charters of each Committee provide that any individual director may engage outside advisors at the expense of the Corporation, with the prior approval of the Corporate Governance Committee, and each committee may also engage outside legal counsel or accountants or any other expert required to complete a specific mandate.

Standing Committees

The Board has delegated responsibilities to four committees, being the Corporate Governance Committee, the Human Resources and Remuneration Committee, the Audit Committee and the Independent Committee.

COMMITTEE RESPONSIBILITIES

Committee	Membership
<p>Corporate Governance Committee Composed entirely of independent directors, the Corporate Governance Committee is responsible for:</p> <ul style="list-style-type: none"> • ensuring that adequate policies and procedures relating to corporate governance are adopted by the Corporation and disseminated to its employees where appropriate; • evaluating the role of the various committees of the Board and recommending to the Board changes to these committees; • evaluating the size, composition and conduct of the Board of Directors as well as the contribution of each individual director; • presenting to the Board candidates for nomination as director and reviewing the nominees for re-election before each annual meeting; • developing the Corporation's annual disclosure relating to its corporate governance practices. 	<p>Richard Laferrière (Chair)</p> <p>Dr. Jacques Gagné</p> <p>Terrance Mailloux (since April 24, 2007)</p>

Committee	Membership
<p>Human Resources and Remuneration Committee Composed entirely of independent directors, the Human Resources and Remuneration Committee is responsible for:</p> <ul style="list-style-type: none"> evaluating the remuneration of the Corporation's senior executives, having regard for competitive position and individual performance, and making recommendations to the Board, which makes the final determination of the compensation of the senior executives; evaluating and recommending to the Board of Directors remuneration policies for directors; establishing the overall policies for remuneration of employees as well as the establishment and evaluation of the bonus program and the Corporation's stock option plan; ensuring that the organization plan of the Corporation is consistent with its strategic plan, and that the appropriate training and succession plans are in place to ensure the continuing success of the Corporation. 	<p>Dr. Jacques Gagné (Chair) (since April 24, 2007; between January 1, 2007 and April 24, 2007, Terrance Mailloux was the Chairman of this Committee)</p> <p>Eric Veilleux (since August 7, 2007; between January 1, 2007 and August 7, 2007, Diane Lanctôt was a member of this Committee)</p> <p>Dr. Marc Lussier</p>
<p>Audit Committee Composed entirely of independent directors, the Audit Committee is responsible for:</p> <ul style="list-style-type: none"> reviewing and recommending to the Board the selection of the Corporation's independent auditors as well as the compensation to be paid to such auditors; reviewing with the independent auditors the scope of their audit; discussing with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls; overseeing the work of the external auditor; reviewing the Corporation's financial statements, MD&A and annual and interim press releases; reviewing the Corporation's insurance program. <p>The Corporation's audit committee charter is reproduced as Schedule A of the Corporation's 2007 Annual Information Form, which may be consulted on SEDAR at www.sedar.com.</p>	<p>Louis Lacasse (Chair)</p> <p>Terrance Mailloux</p> <p>Hubert Marleau</p> <p>Eric Veilleux (since April 24, 2007)</p>
<p>Independent Committee Composed entirely of independent directors, the Independent Committee was responsible for considering and reporting to the Board on the review by the Corporation of its strategic options.</p> <p>This Committee was formed on May 8, 2007 and was terminated on December 19, 2007.</p>	<p>Richard Laferrière (Chair)</p> <p>Warren Haber</p> <p>Hubert Marleau</p> <p>Louis Lacasse</p>

Attendance at Board and Committee Meetings

The overall attendance rate for the Corporation's Board of Directors meetings for fiscal 2007 was 89% for the Board of Directors, 87% for the Audit Committee, 100% for the Human Resources and Remuneration Committee, 100% for the Independent Committee and 100% for the Corporate Governance Committee. The following table sets forth the attendance of Directors at Board and Committee meetings in 2007:

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE FOR THE YEAR ENDED DECEMBER 31, 2007

	Number of Board Meetings Held in 2007		Number of Committee Meetings Held in 2007	
	10 meetings		AUD : 4 meetings GOV: 1 meeting HR: 2 meetings IND: 7 meetings	
Director	Board Meetings Attended		Committee Meetings Attended	
Richard Laferrière	10 of 10	100%	1 of 1 (GOV) (Chair) 7 of 7 (IND) (Chair)	100% 100%
Mark Busgang	10 of 10	100%	N/A	N/A
Terrance Mailloux	10 of 10	100%	4 of 4 (AUD) 2 of 2 (HR)	100% 100%
Warren H. Haber	7 of 10	70%	2 of 2 (HR) 7 of 7 (IND)	100% 100%
Louis Lacasse	10 of 10	100%	4 of 4 (AUD) 7 of 7 (IND)	100% 100%
Hubert Marleau	9 of 10	90%	4 of 4 (AUD) 5 of 7 (IND)	100% 71%
Jacques Gagné	9 of 10	90%	1 of 1 (GOV)	100%
Marc Lussier	9 of 10	90%	2 of 2 (HR)	100%
Diane Lanctôt	6 of 10	60%	N/A	N/A
Eric Veilleux	9 of 10	90%	2 of 3 (AUD)	67%
Committees: (AUD): Audit Committee (HR): Human Resources and Remuneration Committee (GOV): Corporate Governance Committee (IND): Independent Committee				

Role and Responsibilities of the Chairman of the Board of Directors, of the President and CEO and of Each Committee Chair

The Board of Directors has developed written position descriptions for the Chairman of the Board and of each committee as well as for the President and CEO.

Chairman of the Board

The Chairman of the Board of Directors, Richard Laferrière, is an independent director. His role is to be responsible for the proper functioning of the Board of Directors, for its composition subject to shareholders' approval, for guiding discussions for strategic decision-making and for supervising the implementation of decisions made by the Board and its committees.

In fulfilling his responsibilities, the Chairman collaborates with the CEO in the establishment of agendas for Board meetings and in ensuring that all important strategic questions are dealt with by the Board.

President and CEO

In addition to the items mentioned above where the President and CEO and the Chairman collaborate, the President and CEO's responsibilities include the elaboration and execution of the strategies and policies of the Corporation, including the Corporation's organizational chart, business plans and budgets, and

representing the Corporation before the Corporation's shareholders, financial partners, the government and the public.

Committee Chairs

Each of the Committee Chairs must be independent directors. Their responsibilities include the management of the Committee's business, providing input to the Corporation's management on the preparation of agendas, guiding meetings to ensure the Committee fulfills its mandate as stated in its charter, reporting to the Board on all matters of importance discussed by the Committee and making recommendations in accordance with the Committee's charter and the Corporation's level of authority policy.

In addition, the Chair of the Audit Committee is responsible for overseeing the Corporation's "Procedure for Complaints and Concerns regarding Accounting, Internal Accounting Controls, Auditing and Other Matters" and receiving and treating complaints in accordance with this Procedure, and the Chair of the Research and Development Committee is also Chair of the Corporation's Scientific Advisory Board.

Nomination of Directors

The members of the Corporate Governance Committee and the CEO are responsible for identifying potential new Board Members from the business community who meet the required skill sets. These skill sets are defined annually in the assessment questionnaires further discussed below.

The Corporate Governance Committee is responsible for recommending to the Board of Directors candidates for nomination as director and for reviewing the nominees for re-election before each annual meeting. In collaboration with the CEO, the Chairman of the Board, who is also Chairman of the Corporate Governance Committee, studies candidatures for new directors and suggests candidates to the Corporate Governance Committee.

As part of its mandate, the Corporate Governance Committee evaluates the skills and competencies of the Board as a whole, as well as the contribution each director brings to the Board for the direction of the Corporation's business and affairs. The Board of Directors has implemented a process by which this assessment is performed on an annual basis by all directors, individually, through a detailed questionnaire. This process provides useful information to the Corporate Governance Committee to help assess the profile of future director candidates.

Orientation of New Directors and Continuing Education

The Board of Directors has adopted a process for the orientation of new directors, which includes a meeting with the President and CEO to discuss the nature and operation of the Corporation's business, a tour of the Corporation's installations, providing new directors with the Corporation's strategic plan and Corporate Governance Manual, and offering them a copy of the minutes of the Board of Directors' meetings for the preceding twelve months. Detailed annual Board and Audit Committee meeting schedules for the ensuing year are provided to all new directors and are reviewed and updated on an ongoing basis.

The Corporation does not provide its directors with a continuing education program to ensure they maintain the skill and knowledge necessary to meet their obligations as directors. However, all directors possess considerable experience and skills in the business, finance and /or scientific industries. In addition, during their regularly scheduled Board meetings, presentations are made to the directors on various aspects of the Corporation's business as well as on legal and regulatory developments relevant to the Corporation. In addition, every year, a special full-day strategic meeting of the Board of Directors is held to discuss the

Corporation's plan and budget for the following financial year as well as its execution of the Corporation's strategic plan.

Compensation of Directors and Officers

The Human Resources and Remuneration Committee is responsible for evaluating the remuneration of the Corporation's senior executives, having regard for competitive position and individual performance, and making recommendations to the Board, which makes the final determination of the compensation of the senior executives. With respect to the President and CEO, the Human Resources and Remuneration Committee recommends to the Board of Directors his annual performance objectives and evaluates his performance in light of these objectives.

The Human Resources and Remuneration Committee also evaluates and recommends to the Board of Directors remuneration policies for directors, with a view of ensuring that it realistically reflects the responsibilities and risks involved in being a director of the Corporation. A summary of the compensation received by the directors for the financial year ended December 31, 2007, is provided in this Circular under the heading "D. Director and Executive Compensation".

In 2006, the Corporation has retained the services of Groupe Conseil SD, compensation consultants, who have proceeded to a review of the senior executives' compensation program as well as a review of the Corporation's Canadian and American group insurance program. Groupe Conseil SD have reported their findings to the Human Resources and Remuneration Committee.

Assessments

Annually, a detailed questionnaire is addressed to each director, in his or her capacity as director, and, as the case may be, as a member of one or more of the committees of the Board of Directors, aimed at obtaining their views on the effectiveness of the Board and of its committees. The results of the questionnaires are compiled by the Corporate Secretary and are remitted to the Corporate Governance Committee, who reviews and discusses any and all issues and reports to the Board on its findings. The Board of Directors reviews the results of these questionnaires and the recommendations provided by the Corporate Governance Committee and takes appropriate action based upon the results of the review process. The Board has also implemented individual director performance assessments, which is conducted and reviewed annually.

Ethical Business Conduct

The Board of Directors has adopted a Code of Ethics, which provides guidelines to ensure that all directors, officers and employees of the Corporation and all consultants and other persons working on behalf of the Corporation respect its commitment to conduct business relationships with the highest standards of ethical conduct.

The Board of Directors is responsible for monitoring compliance to the Code of Ethics. The CFO, the CEO and the committees are each responsible for reporting to the Board any failure to comply with the Code of Ethics, and the Board has the ultimate responsibility of addressing such failures. In addition, the Code of Ethics provides that each of the Corporation's employees is obligated to communicate any situation that raises a question as to ethical or legal compliance. The Corporation has not filed any material change report pertaining to a conduct of a director or officer that would constitute a departure from the Code of Ethics. An updated version of the Corporation's Code of Ethics was filed on SEDAR on March 14, 2007, and may be consulted at www.sedar.com.

Warnex has also established procedures approved by the Audit Committee for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing or other matters. In accordance with this policy, any person who wishes to submit a complaint may do so by sending it to the attention of the Corporate Secretary or the Chair of the Audit Committee.

The Code of Ethics and the Procedure for Complaints and Concerns Regarding Accounting, Internal Accounting Controls, Auditing and Other Matters were presented to all of the Corporation's employees, who have provided a written acknowledgement confirming that they have received a copy of these documents and that they undertake to comply with them.

At each of its regularly scheduled meetings, the Board of Directors enquires to management and to the Chairman of the Audit Committee if they have received any complaint with respect to matters addressed by the Code of Ethics and by the Procedures for Complaints and Concerns Regarding Accounting, Internal Accounting Controls, Auditing and Other matters.

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, 2007, 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 \$42,181. 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.

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.

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.

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, 2007, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

The Corporation paid \$24,000 to Europartners Inc., a company controlled by Richard Laferrière, for consulting services provided to the Corporation as Chairman of the Board.

Busgang Investments Inc. (formerly 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 "Laval Lease"). The initial term of the Laval Lease ended June 30, 2006, and called for annual minimum payments of \$243,408. In January 2005, the Corporation exercised its option to renew the Laval Lease for an additional period of five years, up to June

30, 2011. On February 1st, 2008, the Corporation signed an amendment to the Laval Lease to extend its term to January 31, 2018, with two 5-year options to renew at market rate. The current base rent will be maintained until June 30, 2011; from July 1st, 2011 to January 31, 2013, the annualized base rent will be \$264,000; from February 1st, 2013 to January 31, 2018, the annualized base rent will be of \$297,000.

On February 1st, 2008, the Corporation also entered into a lease with Busgang Investments for the premises located at 865, Michèle Bohec, Blainville, Quebec (the "Blainville Lease"). The Blainville Lease is for a 10-year term with two 5-year options to renew, at an annualized base rent of \$374,620 from February 1st, 2008 to January 31, 2013, and \$412,083 from February 1st, 2013 to January 31, 2018.

The transactions between the Corporation and Busgang Investments were reviewed by the Corporate Governance Committee to ensure they set forth reasonable commercial terms that, considered as a whole, are not less advantageous to the Corporation than if the Blainville Lease and the Amendments to the Laval Lease were with a person dealing at arm's length with the Corporation and the existence thereof had been disclosed.

The Board of Directors was presented with the Corporate Governance Committee's recommendation as well as with all relevant facts, and approved such transactions by way of a unanimous written resolution, which Mr. Busgang signed only for the purpose of obtaining the requisite unanimity, having declared his conflict of interest.

GENERAL

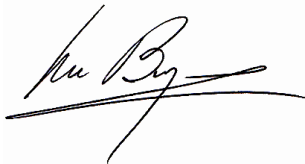
Except as otherwise mentioned, the information contained herein is given as of the 10th day of March 2008.

ADDITIONAL INFORMATION

Additional financial and other information relating to the Company is included in its 2007 audited annual and unaudited quarterly financial statements, annual and quarterly Management's Discussion and Analysis, 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.

A handwritten signature in black ink, appearing to read 'Mark Busgang', with a long horizontal flourish extending to the right.

Mark Busgang
President and CEO
Laval, March 10, 2008



Warnex Inc.
3885 Industrial Blvd.
Laval (Quebec), Canada H7L 4S3
Tel: (450) 663-6724
Fax: (450) 669-2784
info@warnex.ca