



ANNUAL INFORMATION FORM
For Fiscal Year Ended December 31, 2010

March 16, 2011

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Unless the context indicates otherwise, the use in this Annual Information Form of the terms “our”, “we”, the “Corporation”, and “Warnex” collectively refer to Warnex Inc. and barring contrary requirements or indications, to its subsidiaries.

USE OF CURRENCY

Unless otherwise indicated in this Annual Information Form, all dollar amounts refer to Canadian dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form are forward-looking and are subject to numerous risks and uncertainties, known and unknown. For information identifying known risks and uncertainties, relating to financial resources, liquidity risk, key customers and business partners, credit risk, foreign currency risk, government regulations, laboratory facilities, volatility of share price, employees, suppliers, and other important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the heading Risk and Uncertainties in the Corporation's most recent Management's Discussion and Analysis, which can be found at www.sedar.com. Consequently, actual results may differ materially from the anticipated results expressed in these forward-looking statements.

GLOSSARY

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

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

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

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

Health Products and Food Branch Inspectorate (“HPFBI”) – Health Canada's Health Products and Food Branch Inspectorate is responsible for branch-wide compliance and enforcement activities, enabling consistency of approach across the spectrum of regulated products. HPFBI's core functions are compliance monitoring, and compliance verification and investigation, supported by establishment licensing of drugs and medical devices, and laboratory analysis.

ICH – (“International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use”) – The ICH establishes common technical guidelines for the pharmaceutical industry.

Polymerase Chain Reaction (“PCR”) – An in vitro biochemical reaction that multiplies specific DNA sequences such as molecular markers.

Pathogen – Bacterial, viral or fungal microorganism capable of causing disease or death.

Real-Time PCR – Real-time PCR monitors the fluorescence emitted during the reaction as an indicator of target DNA production during each PCR cycle (i.e. in real time) as opposed to endpoint detection.

Therapeutic Products Directorate (“TPD”) – Health Canada's Therapeutic Products Directorate is the Canadian federal authority that regulates pharmaceutical drugs and medical devices for human use.

1. CORPORATE STRUCTURE

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

Warnex's head office, principal place of business and laboratories are located at 3885 Industriel Blvd., Laval, Quebec H7L 4S3. The Corporation also has laboratory facilities at 865 Michele-Bohec Blvd., Blainville, Quebec, J7C 5J6, and at 1 Cumberland Street South, Thunder Bay, Ontario, P7B 2T1. The Corporation's Laval telephone number is (450) 663-6724 and its facsimile number is (450) 669-2784. Warnex's website is located at www.warnex.ca.

As of December 31, 2010, the Corporation's subsidiaries were Warnex Analytical Services Inc. ("Warnex Analytical"), a wholly-owned subsidiary of Warnex, incorporated pursuant to the provisions of the Canada Business Corporations Act, and Warnex PRO-DNA Services Inc., a wholly-owned subsidiary of Warnex, incorporated pursuant to the laws of Ontario.

2. GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

Warnex completed its junior capital pool offering in June 1996 with the initial objective to acquire and develop businesses in the pharmaceutical sector.

In May 1998, the Corporation acquired the assets of Les Laboratoires Biopharm Inc., a business established since 1971, and this transaction was considered the major transaction of the Corporation pursuant to the rules of the Alberta Stock Exchange (now the TSX Venture Exchange). These assets were the foundation for what is now Warnex Analytical. Warnex Analytical offers analytical services including chemistry, chromatography, microbiology and method development to the pharmaceutical, biotechnology, cosmetics and veterinary industries. Since 1998, Warnex Analytical has operated from Warnex's facilities located in Laval, Quebec, and in September 2006 it added a second facility, following the acquisition of MDS Pharma Services' pharmaceuticals business, located in Blainville, Quebec. The acquisition operates as Neopharm Laboratories, a division of Warnex Analytical Services.

Warnex Bioanalytical Services was started internally in 2000 and grew organically. Warnex's Bioanalytical division ("Warnex Bioanalytical") offers a range of services to the pharmaceutical and biotechnology industries and specializes in bioavailability and bioequivalence studies for clinical trials and studies.

In 2000, Warnex acquired the Genevision technology and Warnex Research Inc. was formed to focus on the development of this DNA detection technology. Warnex Diagnostics Inc. was created in 2002 to commercialize the Warnex™ Rapid Pathogen Detection System for the food industry. In July 2007, Warnex sold the assets of its pathogen detection business to AES Laboratoire as part of Warnex's strategy to focus on laboratory services.

Warnex's Medical Laboratories division, formerly Warnex's Clinical Services division, which provides human medical testing services, was formed in June 2004, following the acquisition of assets of the Clinical Laboratory division of Adaltis Inc. In May 2006, following the acquisition of PRO-DNA Diagnostics Inc., Warnex began offering genetic testing services. In June 2009, the Corporation acquired the shares of Molecular World Inc., a laboratory located in Thunder Bay, Ontario, specialized in human DNA identification including forensic DNA testing, and subsequently changed its name to Warnex PRO-DNA Services Inc. ("PRO-DNA"). Warnex's Medical Laboratories and PRO-DNA divisions are herein referred to as "Warnex Medical Laboratories".

Warnex provides funds and operational support to its divisions and subsidiaries in order to enhance their operations.

THREE-YEAR HISTORY AND ACQUISITIONS

2008

In January 2008, Warnex obtained a waiver from SIPAR Inc. for the Corporation's quarterly capital repayment of \$500,000 which was due on January 3, 2008. SIPAR allowed Warnex to repay this amount any time up to April 1st, 2008. This agreement was part of Warnex's strategy, following its announcement on December 20, 2007, to refinance and restructure its debt instruments in order to present a more stable balance sheet in the near future.

In February 2008, Warnex entered into a lease with Busgang Investments Inc. to lease 44,073 square feet of space in its existing premises at 865 Michèle-Bohec Blvd., Blainville, Quebec for a term of 10 years. In addition, the lease for its facilities located at 3885 Industriel Blvd., Laval, Quebec, was extended to January 31, 2018. Effective October 1st, 2008, the Corporation began to pay rent to an unrelated party. The terms and conditions of the leases remained unchanged.

In February 2008, Warnex announced that it would restate its financial statements for prior years due to a non cash accounting error in the presentation of the debt component of the 2002 and 2004 debentures. This error in the interpretation of an accounting principle did not impact the Corporation's internal controls.

In February 2008, Warnex's Medical Laboratories division obtained a licence from Xenomics, Inc. to offer NPM1 testing in Canada as a laboratory service for the diagnosis, stratification and monitoring of patients with acute myeloid leukemia.

In March 2008, Warnex's Medical Laboratories division launched a new screening service for prostate cancer, the PCA3 assay. The Warnex PCA3 screening service for prostate cancer uses advanced PCR technology to detect mRNA from the prostate cancer gene 3 (PCA3). Warnex was the first laboratory to offer this service in Canada.

In March 2008, Warnex entered into agreements in principle with the various holders of all of its outstanding debentures, aggregating \$11,345,000 in principal amount, in order to modify the terms and conditions of such debentures. The agreements in principle included the following elements:

- Elimination of the fixed conversion rate of 1.369 contained in the US dollar denominated debentures, therefore reducing the principal debt from CDN\$6,845,000 to US\$5,000,000;
- Conversion of an aggregate of \$1,830,200 in principal into common shares of Warnex;

- Repayment of an aggregate of \$1,333,333 in principal upon closing;
- Deferral of an aggregate of \$6,333,333 in principal for three additional years;
- Increase of the interest rate on the US dollar denominated debentures to 12% per annum;
- Reduction in the exercise price of 3,963,729 warrants to \$0.25 and the extension of the term of 1,570,983 warrants by two years.

In April 2008, two new directors joined Warnex's Board of Directors: Gilles Gagnon, a consultant with over 25 years experience within the field of health and former CEO of AEterna Zentaris, and Mattie Chinks, President of Avmor Ltd., a leading company in the development and manufacturing of professional cleaning and sanitation products and cleaning solutions. The following members stepped down from the Board of Directors: Warren Haber, Diane Lanctôt, Marc Lussier and Terrance Mailloux.

In May 2008, Warnex announced that it closed the debt restructuring announced in March 2008. The Corporation also signed an agreement with Desjardins Group, the largest financial cooperative in Canada, for financing and banking services. As part of the agreement, Warnex received financing facilities totalling \$4 million, which included a revolving line of credit of \$2 million and a term debt of \$2 million.

In June 2008, Warnex launched a new website – www.prodna.ca – for its DNA identification tests, including the PRO-DNA™ Paternity Test.

In July 2008, Warnex announced that its Analytical Services division is now offering advanced analytical testing using UPLC® (Ultra Performance Liquid Chromatography) technology.

In August 2008, Warnex reported the favourable outcome from an inspection of its facilities performed by the U.S. Food and Drug Administration (FDA). The FDA inspected and reviewed Warnex's analytical laboratories, located in its Laval facilities, its quality control systems and client-specific studies.

In September 2008, Warnex announced that its Medical Laboratories division obtained ISO accreditation by the Standards Council of Canada (SCC) and launched its DNA identification testing services for immigration and forensic purposes. Warnex is the only Quebec-based laboratory recognized by Citizenship and Immigration Canada to perform DNA identification tests for immigration purposes.

In October 2008, Warnex became the exclusive Canadian distributor of molecular diagnostic tests for GENDIA (www.gendia.net), an international network consisting of more than 50 laboratories located in the USA, Europe and Australia, offering more than 2,000 different genetic tests.

In October 2008, Warnex's Bioanalytical Services division acquired two state-of-the-art TSQ Vantage mass spectrometers from Thermo Fisher Scientific Inc.

2009

In February 2009, Warnex announced that its Medical Laboratories division now offers a new test in the field of personalized medicine: K-ras mutation analysis for patients with colorectal cancer. In personalized medicine, healthcare professionals can use information obtained from a patient's genetic profile to tailor their medical treatment to the individual patient's needs. The American Society for Clinical Oncology (ASCO) had recently released an opinion recommending routine K-ras gene testing to guide treatment for metastatic colorectal cancer.

In March 2009, Warnex successfully passed a Health Canada inspection of its Analytical facilities. Health Canada's Health Products and Food Branch Inspectorate (HPFBI) performed a regulatory inspection of Good Manufacturing Practices (GMP) of both of Warnex's analytical facilities (Laval and Blainville). Both sites were found to be compliant and their site licences were renewed.

In June 2009, Warnex Medical Laboratories launched a test for the detection of the influenza A H1N1 virus. The test, based on Real-Time Polymerase Chain Reaction (RT-PCR) technology specifically detects all influenza A viruses and then presumptively identifies the A H1N1 strain. Results are available in as little as 8 hours. With the development of this influenza testing platform, in the future Warnex will be able to quickly offer tests for other influenza virus strains as they appear.

In June 2009, Warnex concluded the acquisition of all of the issued and outstanding shares of Molecular World Inc., a laboratory located in Thunder Bay, Ontario, specializing in human DNA identification including forensic DNA testing. The purchase price was paid by the issuance of 2,000,000 common shares of Warnex. Molecular World had annual revenue of \$544,000 in its last fiscal year. The subsidiary subsequently changed its name to Warnex PRO-DNA Services Inc. Warnex did not file a Form 51-102F4 in respect of the acquisition.

In June 2009, Warnex obtained ISO 15189:2007 accreditation by the Standards Council of Canada (SCC) for its Medical Laboratories division. This accreditation is an international standard for quality management systems for medical testing laboratories. Warnex Medical Laboratories is only the second private laboratory in Canada to obtain this accreditation.

In August 2009, Warnex signed an exclusive distribution agreement with Rosetta Genomics to offer Rosetta Genomics's microRNA-based assays in Canada. Warnex's Medical Laboratories division will distribute Rosetta Genomics' three recently launched miRview™ tests, which measure the expression level of specific microRNA biomarkers in tumor samples.

In August 2009, Warnex launched test for influenza A H1N1 virus mutation associated with resistance to Tamiflu®. Warnex's Medical Laboratories division launched a test for the detection of the H275Y mutation of the pandemic influenza A H1N1 virus, which is associated with resistance to Tamiflu®, a drug used for the treatment and prevention of the flu.

In September 2009, Warnex signed a distribution agreement with Biron-Laboratoire médical, a Quebec-based provider of diagnostic and medical treatment services. According to the terms of the agreement, Biron will promote and distribute Warnex's test for the influenza A H1N1 virus, specifically targeting industrial companies.

In November 2009, Warnex appointed a new director: the Honourable Baljit S. Chadha, P.C., president of Balcorp Limited, an international trade and marketing firm with offices in Montreal, New Delhi and Mumbai.

In December 2009, Warnex PRO-DNA Services Inc., located in Thunder Bay, Ontario, received funding from the Northern Ontario Heritage Fund Corporation (NOHFC) for the development of a forensics database, based on mitochondrial DNA, in collaboration with the Paleo-DNA Laboratory of Lakehead University.

2010

In January 2010, Warnex's CEO, Mark Busgang, participated in Quebec Premier Jean Charest's economic mission to India from January 31 to February 6, 2010. During the Mission

Québec-India 2010, Mr. Charest was accompanied by the Minister of Economic Development, Innovation and Export Trade, Mr. Clément Gignac, the Minister of International Relations, Mr. Pierre Arcand, as well as a delegation of 130 participants from industry, academia, research and innovation sectors. The Mission Québec-India 2010 made stops in Mumbai, Bangalore and New Delhi. Warnex already has several very important customers in India and Mr. Busgang was exploring additional business opportunities in this market, which has a significant pharmaceutical and clinical research industry.

In March 2010, Warnex's Medical Laboratories division was recognized for quality laboratory services. Warnex Medical Laboratories met all criteria for the renewal of its Laboratory Accreditation by COLA, a U.S. healthcare accreditation organization. Accreditation is given only to laboratories that apply rigid standards of quality in day-to-day operations, demonstrate continued accuracy in the performance of proficiency testing, and pass a rigorous on-site laboratory survey. COLA standards meet or exceed requirements under CLIA (Clinical Laboratory Improvement Amendments).

In April 2010, Warnex announced that its Bioanalytical Services division successfully passed a Good Clinical Practices (GCP) inspection by a European health authority, the Austrian Agency for Health and Food Safety (AGES). Performed in November 2009, the inspection was a routine, study-specific inspection of a bioequivalence study, whose objective was to evaluate the organization's adherence to the applicable regulatory requirements. Warnex intends to leverage this successful inspection in its business development efforts in the European market.

In April 2010, Warnex appointed a new director at its annual meeting: Dr. Richard Lacombe. Dr. Lacombe is a consultant with over 30 years of experience with pharmaceutical, biotech, and contract research organization (CRO) companies.

In May 2010, Warnex Medical Laboratories and Epigenomics AG, a molecular diagnostics company focused on cancer, entered into a non-exclusive licensing agreement for Epigenomics' colorectal cancer biomarker Septin9. Under the terms of the agreement, Warnex obtained the rights to establish a laboratory-developed test for Septin9 and offer colorectal cancer blood testing services in Canada. This blood test, using Epigenomics' Septin9 biomarker, offers an easy and accurate method to help diagnose patients with colorectal cancer. Warnex launched its Septin9 blood testing service for colorectal cancer in Canada in December 2010.

In July 2010, Warnex, the Montreal Heart Institute (MHI) and CEPMED (The Centre of Excellence in Personalized Medicine) announced that they are collaborating to develop a new diagnostic test for early detection of cardiovascular and metabolic diseases. It is hoped that this test will enable more personalized treatment of diseases such as atherosclerosis and diabetes. Financed in part by CEPMED, the test will be developed by Warnex in collaboration with Dr. Éric Thorin, a researcher at the MHI.

In September 2010, Warnex confirmed that Persistence Capital Partners LP ("PCP"), a leading Canadian private equity firm focused exclusively on investments in high-growth opportunities in the healthcare field, acquired by way of a private agreement with SGF Soquia Inc. 10,738,750 common shares of Warnex, representing approximately 16% of the issued and outstanding shares of Warnex, and \$1.5 million principal amount of convertible debentures. As part of this transaction, the shareholder agreement between Busgang Investments Inc., a company controlled by Mark Busgang, President and Chief Executive Officer of Warnex, and SGF Soquia Inc., entered into on July 10, 2002, was terminated. Subsequently, PCP purchased 1,500,000 common shares from a private investor, bringing its

total to 12,238,750 common shares of Warnex, representing approximately 18.2% of the Corporation's issued and outstanding common shares.

In December 2010, Warnex's PRO-DNA Services division, located in Thunder Bay, Ontario, received accreditation from the American Society of Crime Lab Directors/Laboratory Accreditation Board - International® (ASCLD/LAB-International®) for forensic science testing. Warnex was specifically accredited in the categories of nuclear and mitochondrial DNA testing, relationship testing and body fluid identification.

In December 2010, Warnex's PRO-DNA Services division, located in Thunder Bay, Ontario, signed a Contribution Agreement with the National Research Council of Canada's Industrial Research Assistance Program (NRC-IRAP), for forensic DNA analysis of "Touch DNA" samples from expended firearm cartridges. In addition to technical and business advisory services, NRC-IRAP will contribute up to \$47,300 for the research and development work performed by Warnex.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

GENERAL

Warnex is a life sciences company devoted to protecting public health by providing laboratory services to the pharmaceutical and healthcare sectors. Warnex's analytical services division provides pharmaceutical and biotechnology companies with a variety of quality control services, including chemistry, chromatography, microbiology, method development and validation, and stability studies. Warnex's bioanalytical services division specializes in bioequivalence and bioavailability studies for clinical trials. Warnex Medical Laboratories provides specialized testing for the healthcare industry as well as pharmaceutical and central laboratory services. Warnex PRO-DNA Services offers DNA identification tests for paternity, maternity and other family relationships, as well as for immigration and forensic testing purposes. The Corporation's common stock is traded on the Toronto Stock Exchange, under the symbol WNX.

SOURCES OF REVENUE

The following table sets out, for each of the two most recently completed financial years, the revenues for each category of products and services.

Product/Service	2010 (\$)	%	2009 (\$)	%
Analytical services	10,468,434	47.0	11,551,123	48.9%
Bioanalytical services	6,355,347	28.6	7,404,942	31.3%
Medical, forensic and DNA testing	5,160,983	23.2	4,414,684	18.7%

WARNEX ANALYTICAL SERVICES

Warnex Analytical provides analytical services including chemistry, chromatography and microbiology to the pharmaceutical, biotechnology, cosmetics, veterinary, nutraceutical and natural health products industries. With its main facilities in Laval as well as its Neopharm Laboratories division in Blainville, Warnex Analytical performs a wide variety of quality control tests on raw materials as well as finished products, offers a full range of ICH stability conditions and provide total stability management, develops and validates new methods, revalidates existing methods to ensure compliance with current regulatory requirements and performs technology transfers.

Following inspections by the FDA and HPFBI, Warnex Analytical Services remains in good standing on all matters of current Good Manufacturing Practices (cGMP).

MARKET

In the United States, revenue generated by the total analytical services market was approximately US\$600 million in 2005, a 3% increase from the previous year, and is estimated to reach US\$743 million in 2012 (Frost & Sullivan, 2006). The growth in the analytical market is driven by steady demand from pharmaceutical companies, who are increasingly outsourcing laboratory services to reduce costs.

With the acquisition of the MDS Pharma Services pharmaceuticals business in Blainville, Warnex now holds a dominant position in the analytical services market in the province of Quebec. Warnex is now focusing on reaching beyond our regional market and more aggressively pursuing international growth.

Warnex Analytical's most important customer accounted for 20% of sales in 2010. This customer has remained Warnex Analytical's largest customer since 1998 and we consider that our relationship with this important customer is good. Warnex Analytical is not substantially dependant upon any supplier in order to carry on its business.

COMPETITION

Warnex Analytical competes with companies such as Nucro Technics, a private company located in Ontario, K.A.B.S. Laboratories Inc., a private company located in Saint-Hubert, Quebec, SGS Canada Inc., a private company with laboratories across Canada, and Confab Laboratories Inc., a contract manufacturer located in Saint-Hubert, Quebec, which also offers laboratory services.

WARNEX BIOANALYTICAL SERVICES

Warnex Bioanalytical provides services to pharmaceutical and biotechnology companies globally. A scientific team of specialists in use state-of-the-art equipment and the latest techniques to develop highly exacting analytical methods that are validated in accordance with the highest standards imposed by both the FDA and the TPD. Warnex Bioanalytical supports companies in their drug development programs by carrying out analyses generated throughout the program, beginning with pre-clinical studies and proceeding with evaluation of the drug in human clinical trials. Support to the generic drug industry is provided by analyzing biological samples obtained from humans to determine whether the new formulations are bioequivalent to the marketed product.

MARKET

It is estimated that in 2009, the biopharmaceutical industry invested US\$65.3 billion on drug research and development in the United States alone (Pharmaceutical Research and Manufacturers of America, 2010). In Canada, the brand-name pharmaceutical industry invested \$1.2 billion on R&D in 2009 (PMPRB, 2010), while the generic drug industry spent \$615 million (CGPA, 2009). The CRO market, which represents the market for Warnex Bioanalytical, is estimated at US\$20 billion in 2008 and expected to grow at an annual rate of 8.5% to reach US\$35 billion by 2015 (Business Insights, 2009). In addition, the generic drug industry is experiencing a strong growth, with US\$100 billion worth of blockbuster drugs losing patent from 2008 to 2012 (Visiongain, 2008). We anticipate this will increase the demand for bioanalytical services in upcoming years.

Warnex Bioanalytical's largest customer accounted for 15% of this division's revenues in 2010 and we consider that our relationship with this important customer is good. Warnex Bioanalytical is not substantially dependant upon any supplier in order to carry on its business.

COMPETITION

Warnex Bioanalytical competes locally with companies such as Anapharm (part of PharmaNet Development Group, Inc.) and Algorithm Pharma, which are both providers of clinical and bioanalytical laboratory services. The market for bioanalytical services is global in nature and it is estimated that there are over 1,100 CROs worldwide (Business Insights, 2009). This includes facilities in the U.S., Europe and India.

WARNEX MEDICAL LABORATORIES

Warnex Medical Laboratories was created in 2004 following the acquisition of the assets of Adaltis Inc.'s Clinical Laboratory division. Warnex Medical Laboratories provides specialized laboratory testing services to the healthcare industry as well as pharmaceutical and central laboratory services.

Warnex Medical Laboratories' revenues are mainly derived from two sources: biochemical testing, which includes the Prenatest[®] prenatal screening test, which enables pregnant women to find out their risk of carrying a foetus affected by Trisomy 21 (Down syndrome), Trisomy 18, and other chromosomal anomalies, as well as genetic testing.

The Prenatest method is relatively simple and, contrary to amniocentesis, does not pose any danger to the mother and foetus. It is performed by taking a few drops of blood from the tip of the expectant mother's finger combined with ultrasound measurements, such as nuchal translucency and nasal bone. This test is usually performed during the first trimester.

Our genetic testing services, which were added to our service offering following the acquisition in May 2006 of PRO-DNA Diagnostics, include:

- Person identification testing: paternity testing, family relationships, forensic testing, etc.;
- Molecular diagnostics: DNA-oriented genetic predisposition tests and specialized assays within the fields of haematology, oncology and infectious diseases; and
- Pharmacogenetic services: assays monitoring genetic factors that influence an individual's reaction to a drug.

In June 2009, Warnex acquired Molecular World Inc., a laboratory located in Thunder Bay, Ontario, specializing in human DNA identification including forensic DNA testing, and subsequently changed its name to Warnex PRO-DNA Services. It is the only private laboratory in Canada providing STR, Y-STR, miniSTR, and mitochondrial DNA testing services for forensic and parentage testing purposes.

Warnex Medical Laboratories also develops innovative assays and refines existing ones to produce assays with greater clinical value and relevance for reliable and cost-effective patient assessment and management. With our growing array of assays, Warnex Medical Laboratories is focused on establishing a pre-eminent role in providing specialized laboratory testing services in Canada. We perform testing in a wide range of clinical specialties, including oncology, endocrinology, genetics, infectious diseases and obstetrics/gynaecology.

Warnex Medical Laboratories is accredited by the Standards Council of Canada under ISO 15189 "Medical laboratories - Particular requirements for quality and competence". It is also accredited by COLA, a U.S. healthcare accreditation organization, and is certified by the Laboratoire de santé publique du Québec (LSPQ).

Warnex PRO-DNA Services is accredited by the Standards Council of Canada for DNA analysis under the following programs:

- ISO 17025/CAN-P-4E – "General Requirements for the Competence of Testing and Calibration Laboratories"; and
- CAN-P-1578 – "Guidelines for the Accreditation of Forensic Testing Laboratories".

Warnex PRO-DNA Services' Thunder Bay facility is also accredited by the American Society of Crime Lab Directors/Laboratory Accreditation Board - *International*[®] (ASCLD/LAB-*International*[®]) for forensic science testing.

MARKET

In 2009, there was a total of 88,600 births reported in the province of Quebec, an increase of 0.8% over the previous year (Institut de la Statistique du Québec, 2010). We estimate our market potential for the Prenatest prenatal screening test to be approximately 35,000 tests, 3 times the number of Prenatest tests actually performed in 2010. In the Province of Ontario, where prenatal screening tests are offered and paid for by the Government of Ontario, approximately 50% of pregnant women choose to have this type of test (Summers, A.M., et al. 2003).

The market for human identification testing is divided into two segments: private identification of persons, such as paternity testing, which is mainly requested for legal settlement purposes, and forensic testing, which is carried out by government agencies. According to the AABB Parentage Testing 2008 report, relationship tests performed in laboratories surveyed in the United States, Canada, and the United Kingdom, increased by 2.0% from 2007 to 2008.

The genetic testing market is divided into three segments: prenatal screening, predisposition and diagnostic testing, and pharmacogenetics. In the United States, the market for prenatal screening was valued at US\$335 million in 2004 and is expected to rise to US\$796 million by 2011 at a compound annual growth rate (CAGR) of 13% (Frost & Sullivan, 2005). The market for predisposition and diagnostic testing is expected to rise from US\$100 million in 2004 to US\$286 million in 2011 at a CAGR of 16% (Frost & Sullivan, 2005). The pharmacogenetic testing market shows the highest growth rate, with 26%, going from US\$95 million in 2004 to a forecast of US\$468 million in 2011 (Frost & Sullivan, 2005).

COMPETITION

The traditional method for determining if a foetus is affected by the most common birth anomalies is the amniocentesis. This test is performed by the insertion of a needle through the abdomen to withdraw amniotic fluid from the uterus. While the results of this method have a high rate of accuracy, the test entails a significant risk of causing a miscarriage. The Prenatest method, in turn, is safe for the mother and foetus. The Prenatest screening test and amniocentesis do not compete directly. A patient can have a risk assessment done using the Prenatest method and, upon consultation with her physician, may elect to proceed to an amniocentesis. The results of the tests are available within one week, while those of the amniocentesis usually require a minimum of four weeks.

Prenatal screening competitors in the province of Quebec include Opmedic Group Inc., CDL Laboratories Inc., Curalab Medical Laboratory and public hospitals. The public sector offers biochemical assays without ultrasound measurements, at no cost for the patient. However, the sensitivity and specificity of these assays are lower than when combined with the ultrasound measurements. The Corporation believes that its Prenatest method offers the most accuracy in first trimester prenatal screening of Down syndrome.

INTANGIBLE PROPERTY

“Warnex”, “Prenatest”, “PRO-DNA” and “PRO-ADN” are registered trademarks of Warnex in Canada. The Corporation’s strategy is to apply for trademarks whenever appropriate.

FACILITIES

The Corporation leases a 55,000 sq. ft. facility at 3885 Industriel Boulevard in Laval, Quebec, which includes its offices and laboratories. The term of the lease expires on January 31, 2018. Thereafter, the Corporation has options to renew the lease for two additional five-year periods.

The Corporation also leases a 44,073 sq. ft. facility at 865 Michèle-Bohec Boulevard in Blainville, Quebec, which includes offices and laboratories. The term of the lease expires on January 31, 2018. Thereafter, the Corporation has options to renew the lease for two additional five-year periods.

The Corporation also leases a 5,883 sq. ft. facility at 1 Cumberland Street South, Thunder Bay, Ontario, which includes offices and laboratories. The initial term of the lease expires on September 30, 2013. Thereafter, the Corporation has options to renew the lease for two additional five-year periods.

ENVIRONMENT

Warnex generates a very small amount of hazardous waste that is disposed of by certified third-party carriers. We believe that compliance with environmental regulations has no material impact on capital expenditures, earnings or our competitive position.

HUMAN RESOURCES

Warnex Analytical employees in Laval are represented by a union. The contract was renewed in 2008 for a period of 4 years. The Corporation has not had any labour-related work stoppages during the preceding ten years.

Warnex’s management team has experience in the fields of genomics, chemistry, microbiology, finance and administration, sales and marketing, as well as in the management of public companies. Due to the nature of the Corporation’s laboratory activities, most of the Corporation’s employees hold degrees in science, ranging from CEGEP to doctorate degrees, as well as experience in the fields of medical testing, chemistry, microbiology or biochemistry.

FOREIGN OPERATIONS

For the year ended December 31, 2010, approximately 29% of Warnex’s revenues were from outside Canada, mainly the United States. Warnex’s costs are mainly in Canadian dollars.

Warnex is exposed to currency fluctuations; however, most of our U.S. revenues are currently derived from Warnex Bioanalytical, which usually performs contracts of a duration of three months.

RISK FACTORS

The business conducted by the Corporation involves numerous risks and uncertainties. The main risk factors and uncertainties facing the Corporation are disclosed in the "Risk and Uncertainties" section of the Corporation's Annual Report for the year ended December 31, 2010, which is incorporated herein by reference, as supplemented from time to time in the "Risk Factors and Uncertainties" section of the Corporation's quarterly reports to shareholders. These risks and uncertainties should be considered in conjunction with the other information included in this Annual Information Form. The Corporation's annual and quarterly reports are filed on SEDAR at www.sedar.com.

4. MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to the 2010 Management's Discussion and Analysis filed on SEDAR at www.sedar.com, which is incorporated herein by reference.

5. DIVIDEND POLICY

The Corporation has not paid any dividends on its common shares. Since we intend to retain any future earnings to finance the development of our business, we do not anticipate paying any dividends in the near future. Any decision to pay dividends in the future will be based on the Corporation's earnings and financial requirements and other factors that the Board of Directors may consider appropriate under the circumstances.

6. GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares, without nominal or par value. As of December 31, 2010, 67,117,191 common shares and no preferred shares were issued and outstanding.

The following is a summary of the material provisions concerning the various classes of shares of our authorized share capital and is subject to the complete text of the rights, privileges, conditions and restrictions attached to these shares.

COMMON SHARES

VOTING RIGHTS

Each common share entitles its holder to one vote.

DIVIDENDS

The holders of common shares are entitled to participate in any dividend which may be declared, subject to the rights, privileges, restrictions and conditions attached to the preferred shares.

LIQUIDATION

The holders of common shares shall be entitled to share pro rata in any distribution of the assets of Warnex in the event of liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among shareholders. Such participation is subject to the rights, privileges, restrictions and conditions attached to the preferred shares of the Corporation.

PREFERRED SHARES

Preferred shares may be issued from time to time in one or more series, the terms of each series including the number of shares, designation, rights, privileges, restrictions and conditions to attach to the preferred shares of each series to be determined by the directors of the Corporation without shareholder approval, provided that all preferred shares will rank, with respect to dividends and distribution of assets in the event of liquidation, dissolution, winding-up or other distribution of assets of Warnex among shareholders for the purpose of winding-up its affairs, in priority to common shares and provided that they may also be given such other preferences over the common shares and any other shares of the Corporation ranking junior to the preferred shares as may be fixed by the resolution of the directors of the Corporation as to the respective series authorized to be issued. The preferred shares of each series shall rank on a parity with the preferred shares of every other series with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation.

7. MARKET FOR SECURITIES

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the trading symbol WNX.

TRADING PRICE AND VOLUME

The following table sets out the price ranges and volume of trade of Warnex's common shares on the Toronto Stock Exchange during 2010.

Month	High \$	Low \$	Volume
January	0.115	0.09	832,400
February	0.18	0.115	1,474,980
March	0.155	0.115	1,124,510
April	0.13	0.1	676,335
May	0.15	0.085	3,864,951
June	0.095	0.075	700,600
July	0.09	0.07	513,250
August	0.095	0.075	874,964
September	0.12	0.07	3,357,441
October	0.12	0.09	3,270,734
November	0.12	0.1	1,417,744
December	0.11	0.095	988,425

8. DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

The following table sets forth each director's name, province or state and country of residence, his principal occupation, the year in which he first became a director, and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised by each director as at March 15, 2011. Directors are elected until the next annual meeting of shareholders.

Name and Province or State and Country of Residence	Position within the Corporation	Principal Occupation	Year of Nomination as a Director	Number of Shares of the Corporation
Richard Laferrière Quebec, Canada	Chairman of the Board	Executive Chairman, Extenway Solutions Inc.	1996	750,000
Mark J. Busgang Quebec, Canada	President and Chief Executive Officer and Director	President and Chief Executive Officer, Warnex Inc.	1998	5,739,400
Louis Lacasse Quebec, Canada	Director	President, GeneChem Management Inc.	1998	45,000
Dr. Jacques Gagné Quebec, Canada	Director	Consultant	2001	42,000
Gilles Gagnon Quebec, Canada	Director	Consultant	2008	100,000
Mattie Chinks Quebec, Canada	Director	President, Avmor Ltd.	2008	52,000
Michel Lassonde Quebec, Canada	Director	Consultant	2009	962,667
The Honourable Baljit S. Chadha, P.C. Quebec, Canada	Director	President, Balcorp Ltd.	2009	Nil
Dr. Richard Lacombe Quebec, Canada	Director	Consultant	2010	Nil

Following are brief biographies of Warnex directors:

Richard Laferrière – Mr. Laferrière has been Chairman of the Board of the Corporation since 1996. Mr. Laferrière has been Executive Chairman of Extenway Solutions Inc. since May 2008. He was Chairman of the Board of FRV Media Inc. from May 2008 to November 2010. From 2000 to 2008, Mr. Laferrière was President and Chief Executive Officer as well as Director of FRV Media Inc. He was also a shareholder and member of the Board of “HR Stratégie”, a private equity firm, from 2000 to 2006. He was co-founder and President of Groupe Coscient from 1978 to 1999. In 2007, Mr. Laferrière joined the Board of Directors of Fronsac Capital Inc. Mr. Laferrière was a director of GDG Environment Group Ltd until October 2010.

Mark J. Busgang – 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 of Pharmetics Ltd. and Vice President of Operations of Theratechnologies Inc.

Louis Lacasse – Mr. Lacasse has been President of GeneChem Management Inc. since 1997 and Managing Partner of AgeChem Financial Inc. since 2006. Mr. Lacasse is currently on the boards of directors of Methylgene Inc. and Calyx Bioventures. He has previously served on the boards of directors of many private and public companies including BioChem Pharma Inc., Axcan Pharma Inc., Targeted Genetics Inc., and Idun Pharmaceuticals Inc.

Dr. Jacques Gagné – Dr. Gagné is a retired Professor and former Dean (1982-1990) of Pharmacy at Université de Montréal. He is a member of the Board of Directors of Warnex since April 2001. Dr. Gagné serves as a consultant to several companies and organisations in the biotechnology and healthcare fields. Among others, he is Chairman of the CQIB (The Life Sciences Incubator) and Vice-president of Montréal InVivo.

Mattie Chinks – Mr. Chinks is President of Avmor Ltd., a company which manufactures institutional cleaning and maintenance chemical products, since 1996. Mr. Chinks has previously served as President and International Director of the International Sanitary Supply Association and currently sits on the Board of Directors of The Royal Victoria Hospital Foundation and Cannon Hygiene Canada.

Gilles Gagnon – 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 Æterna 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 Acting CEO and Director of Ceapro Inc.

Michel Lassonde – Mr. Lassonde is a consultant and director of various companies since March 2008. Mr. Lassonde has also been President, CEO and Director of Fronsac Capital Inc. since August 2008. From September 1991 to March 2008, he was a Court of Québec judge. Previously, Mr. Lassonde practiced law for over 25 years. He has a master's degree in international law from New York University.

The Honourable Baljit S. Chadha, P.C. – Mr. Chadha is President of Balcorp Ltd., an international trade and marketing enterprise, since 1976. He also sits on the Board of Governors of Concordia University, has advised various levels of government on Indo-Canadian affairs and is a Director of the Canada-India Business Council. In 2003, he was appointed to the Queen's Privy Council for Canada and also for a 5-year term to the Security Intelligence Review Committee.

Dr. Richard Lacombe – Dr. Lacombe is a consultant with over 30 years of experience with pharmaceutical, biotech, and contract research organization (CRO) companies. Dr. Lacombe was Vice-President, Clinical Affairs of BioSyntech Inc. from July 2006 to December 2008, worked as an independent consultant for biotech companies from February 2004 to July 2006, and was President and Chief Executive Officer of Virocell Inc. from July 2002 to February 2004.

COMMITTEES OF THE BOARD

The table below lists the committees of the Board of Directors of the Corporation and their members:

Audit Committee	Human Resources and Remuneration Committee	Corporate Governance Committee
Louis Lacasse	Jacques Gagné	Richard Laferrière
Gilles Gagnon	Mattie Chinks	Jacques Gagné
Michel Lassonde	Baljit S. Chadha	Michel Lassonde
Richard Lacombe		

EXECUTIVE OFFICERS

The following table sets forth the name, province and country of residence, position and office held with the Corporation, the principal occupation of each of Warnex's executive officers and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised by each executive officer as at March 16, 2011.

Name and Province of Residence	Position within the Corporation	Principal occupation	Number of shares of the Corporation
Mark J. Busgang Quebec, Canada	President and Chief Executive Officer	President and Chief Executive Officer, Warnex Inc.	5,739,400
François Jetté Quebec, Canada	Chief Financial Officer	Chief Financial Officer, Warnex Inc.	Nil
Dr. Michael Mancini Quebec, Canada	President, Warnex Bioanalytical Services	President, Warnex Bioanalytical Services	109,000
Dr. Yvan Côté Quebec, Canada	Vice President and General Manager	Vice President and General Manager, Warnex Medical Laboratories and Warnex PRO-DNA Services	222,867

Following are brief biographies of Warnex Officers:

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

François Jetté – Mr. Jetté has been Chief Financial Officer of Warnex since April 2008. From November 2005 to March 2008, Mr. Jetté was Warnex's Corporate Controller. From 1999 until joining Warnex, Mr. Jetté was Controller for Pretium Canada Company. From 1997 to 1999, he was Controller for Naya Inc.

Dr. Michael Mancini – Dr. Mancini has been President of Warnex Bioanalytical Services since 2002. Dr. Mancini was also President of Warnex Analytical Services Inc. from June 2000 to March 2007. From 1996 until joining Warnex, he was Director of Business Development and Scientific Liaison with MDS Pharma Services Inc.

Dr. Yvan Côté – Dr. Côté has been Vice President and General Manager of Warnex Medical Laboratories and Warnex PRO-DNA Services since January 2005. Dr. Côté was also Vice President, Research & Development of Warnex Research Inc. from September 2003 to June 2007. From January 2003 until joining Warnex, he was Director, Clinical Research with ART

Advanced Research Technologies Inc. Dr. Côté held different positions with Adaltis Inc. (BioChem ImmunoSystems Inc.), including Director, Clinical Laboratory and Research & Development, from June 1995 to July 2003.

As of March 16, 2011, the directors and executives of the Corporation as a group beneficially own, directly or indirectly or exercise control or direction on 8,022,934 outstanding common shares, being 12% of the issued and outstanding common shares of the Corporation.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Warnex and based on information provided by the nominees, with the exception of the facts disclosed below with respect to Mr. Laferrière, Mr. Lacasse, Dr. Gagné and Mr. Busgang:

- (a) no director or executive officer of our Corporation is, as at the date hereof or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, that,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "Order") that was issued while the director or executive officer was acting in its capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an Order that was issued, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- (b) no director or executive officer of our company, or shareholder holding a sufficient number of securities of our company to affect materially the control of our Corporation:
 - (i) is, at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
 - (ii) has, within 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Laferrière was director of GlobeeCom International Inc., a corporation that on March 22, 2006, announced an important restructuring of its operations and that estimated that, it did not dispose of sufficient liquidities, as of such date, in order to assure the continuity of its operations beyond the month of April 2006, and which, on May 1, 2006, announced that it will make a proposal to its creditors under the Bankruptcy and Insolvency Act in connection with a proposed reverse take over. On September 20, 2006, GlobeeCom International Inc.

announced that the proposal to its creditors has been ratified by the court. Shares of that corporation are not traded since April 27, 2006. Mr. Laferrière was director of this corporation during the period of one year preceding its proposal.

Mr. Laferrière was Director of FRV Media Inc., a corporation that was subject to a cease trade order from March 20, 2009, to April 20, 2009, for having failed to file its financial statements within the applicable delays.

Mr. Lacasse was a Director of Chromos Molecular Systems Inc. which was subject to a cease trade order from April 11, 2007 until July 22, 2008, as a result of the corporation submitting a Notice of Intention to make a proposal to its creditors under the Bankruptcy and Insolvency Act.

Dr. Gagné was director of GlobeeCom International Inc., a corporation that on March 22, 2006, announced an important restructuring of its operations and that estimated that, it did not dispose of sufficient liquidities, as of such date, in order to assure the continuity of its operations beyond the month of April 2006, and which, on May 1, 2006, announced that it will make a proposal to its creditors under the Bankruptcy and Insolvency Act in connection with a proposed reverse take over. On September 20, 2006, GlobeeCom International Inc. announced that the proposal to its creditors has been ratified by the court. Shares of that corporation are not traded since April 27, 2006. Dr. Gagné was director of this corporation during the period of one year preceding its proposal.

Mr. Busgang and Dr. Gagné were respectively Chairman of the Board and Director of Mistral Pharma Inc., which made a proposal to its creditors on June 13, 2008, under the Bankruptcy and Insolvency Act (BIA). The proposal included a reorganization of Mistral Pharma consisting in (i) the cancellation and annulment of all the existing shares and all the existing options and warrants of Mistral Pharma for all purposes, and (ii) the creation of a new class of common shares. On September 4, 2008, Mistral Pharma obtained creditor approval of its proposal. A final order of the Quebec Superior Court of Justice under the BIA was obtained on September 15, 2008. The common shares of Mistral Pharma were de-listed from the TSX Venture Exchange at the close of business on September 30, 2008. Mr. Busgang was Chairman and Dr. Gagné was director of this corporation during the period of one year preceding its proposal.

9. LEGAL PROCEEDINGS

The Corporation is not involved in any legal proceeding.

10. CONFLICTS OF INTEREST AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In 2008, an amount of \$446,610 of base rent was paid to Busgang Investments Inc., a company owned by the President, Chief Executive Officer and Director of the Corporation. Effective October 1, 2008, the Corporation began to pay rent to an unrelated party. The terms and conditions of the leases remained the same.

Since August 2008, the Corporation has paid \$1,000 per month to the Corporation's Chairman of the Board for his work on specific mandates for the various operating divisions of the Corporation.

In 2010, a sales commission in the amount of \$19,345 was paid to Balcorp Ltd., a company owned by Baljit S. Chadha, a member of the Corporation's Board of Directors.

11. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the shares of the Corporation is Computershare Trust Company of Canada, at its principal offices in Montreal and Toronto.

12. MATERIAL CONTRACTS

The Corporation is not currently a party to any material contract which would be required to be filed in accordance with Regulation 51-102.

13. INTERESTS OF EXPERTS

Nexia Friedman, the external auditor of the Corporation, reported on the fiscal 2010 audited consolidated financial statements of the Corporation, which were filed with the securities regulatory authorities. We are advised that the members of Nexia Friedman are independent in accordance with the Code of Ethics of Chartered Accountants of Québec.

14. AUDIT COMMITTEE INFORMATION

The text of the Corporation's Audit Committee Charter is reproduced as Schedule A of this Annual Information Form.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is formed of four directors, Mr. Louis Lacasse, Chairman of the Committee, Mr. Gilles Gagnon, Mr. Michel Lassonde and Dr. Richard Lacombe. All members are independent and financially literate as required by National Instrument 52-110.

RELEVANT EDUCATION AND EXPERIENCE

The following describes the relevant education and experience of each member of the Audit Committee that provides him or her with (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements, (b) the ability to assess the general application of such accounting principles, (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Corporation's financial statements or experience actively supervising one or more persons engaged in such activities and (d) an understanding of internal controls and procedures for financial reporting.

Louis Lacasse – Mr. Lacasse holds a Bachelor in Business Administration with a specialization in finance and an MBA with a specialization in accounting and marketing. Since 1997, he has been President of GeneChem Management Inc., a company that manages venture capital funds that invest in private and public life sciences companies in North America and Europe. Previously, he worked for 10 years at the Caisse de Dépôt et Placement du Québec, making many investments in companies in the information technology, telecommunications and health sectors. In his duties as an investor, Mr. Lacasse had to regularly review and analyse financial statements and perform due diligence reviews relative to internal processes and controls of the companies in his portfolio. Mr. Lacasse presides on

the Audit Committees of three companies which are publicly traded in the United States and in Canada.

Gilles Gagnon – Mr. Gagnon holds a Master of Business Administration and is a Certified Corporate Director (ICD.D) from the Canadian Institute of Corporate Directors, having completed the Directors Education Program at the Rotman School of Management of the University of Toronto. Mr. Gagnon has been CEO of Aeterna Zentaris where he was responsible for all aspects of this company’s business and financial operations. In addition, he has held several senior executive positions, including VP External Affairs at Novartis Pharmaceuticals, and Executive Director, Corporate Planning and Administration at Sandoz Canada, Inc.

Michel Lassonde – Mr. Lassonde holds a Master of International Private Law and has practiced law for over 25 years, specializing in corporate and commercial law. He has been President, CEO and Director of Fronsac Capital Inc. since August 2008, where he is responsible for all aspects of this company’s business and financial operations.

Richard Lacombe – Dr. Lacombe holds a Master of Business Administration. Dr. Lacombe has been President and Chief Executive Officer of Virocell Inc., where he was responsible for all aspects of this company’s business and financial operations. He was on the Board of Directors and a member of the Audit Committee of LAB Research Inc. from 2006 to 2009.

POLICY REGARDING NON-AUDIT SERVICE RENDERED BY AUDITORS

The Charter of the Audit Committee requires the Audit Committee to pre-approve all non-audit services to be provided by the external auditors of the Corporation or its subsidiaries. The terms of such policy are more fully set out in the text of the Charter, reproduced as Schedule A of this Annual Information Form.

REMUNERATION OF AUDITORS

The following table presents, by category, the fees billed by the external auditors of the Corporation, Nexia Friedman, for fiscal years 2009 and 2010:

Category of fees	2010 \$	2009 \$
Audit Fees ⁽¹⁾	105,500	100,000
Audit-Related Fees ⁽²⁾	19,500	19,500
Tax Fees ⁽³⁾	5,000	11,240
All other fees ⁽⁴⁾	-	-
Total	130,000	130,740

⁽¹⁾ Professional services provided in connection with statutory and regulatory filings and audit of the annual financial statements of the Corporation.

⁽²⁾ Professional services provided in connection with the quarterly review of the financial statements as well as consultations on accounting and regulatory matters.

⁽³⁾ Professional services mainly for tax compliance.

⁽⁴⁾ All other related professional services.

15. ADDITIONAL INFORMATION

At any time, the Corporation, upon request to the Corporate Secretary of the Corporation, will provide to any person or corporation, (i) one copy of the Annual Information Form of the Corporation, together with one copy of any document or the pertinent pages of any document incorporated by reference in the Annual Information Form, (ii) one copy of the comparative

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

Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's Management Proxy Circular for its most recent annual meeting of shareholders that involved the election of Directors. Additional financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year.

SCHEDULE A

AUDIT COMMITTEE'S CHARTER

ELECTION

The Audit Committee shall be composed of a minimum of three (3) outside directors, all of whom shall be "unrelated directors", appointed by the Board of Directors and who shall exercise their duties until the next annual general meeting of shareholders or until their successors have been chosen and appointed.

VACANCIES

In the event of a vacancy in the committee, the Board of Directors may appoint a new member to fill the vacancy of the committee.

MEETINGS

The meetings of the committee may be held at the head office of the Corporation or at such other place that the committee may determine from time to time. Meetings of the committee may be held at all times on the call of any member of the committee. At the request of the President & Chief Executive Officer or the Chairman of the Board, the Chairman of the committee shall hold a meeting of the committee to address any question that, in the opinion of the President & Chief Executive Officer or the Chairman of the Board, should be put to the attention of the committee.

CHAIRPERSON

The Audit Committee shall appoint a chairperson who shall be responsible for preparing an agenda and reporting to the Board of Directors at the next meeting of the Board of Directors or earlier, if required under the circumstances.

QUORUM

The quorum for the committee shall be a simple majority of the members.

PROCEDURES

The procedures for the committee shall be similar to those followed by the Board of Directors. The minutes of the meetings of the committee shall be kept in a minute book and made available for review by the directors of the Corporation.

MANDATE

The committees shall exercise all the rights and prerogatives granted to them by the Board of Directors. They shall report to the Board of Directors without interference from management or shareholders. They may call upon outside legal counsel or accountants or any other expert required to complete a specific mandate or where there is a suspicion of wrongdoing and arrange the compensation to be paid to such consultant. Any single committee member shall be empowered to call a special meeting of the Board of Directors in the event of any wrongdoing, whether factual or perceived.

REMUNERATION

The members of the committee shall be remunerated for their services as determined by the Board of Directors.

CHARTER & ORGANIZATION

The committee shall be appointed by the Board of Directors and shall comprise at least three directors, each of whom is independent of management and the Corporation. Members of the committee shall be considered independent if they have no relationship that may interfere with the exercise of their independence from management and the Corporation. All committee members shall be financially literate and at least one member shall have accounting or related financial management expertise. Financial literacy can be defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

STATEMENT OF POLICY

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the Corporation's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal control systems and the annual independent audit of the Corporation's financial statements. In so doing, it is the responsibility of the committee to maintain free and open communication between the committee, the independent auditors, and management of the Corporation. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Corporation, and the power to retain outside counsel, or other experts for this purpose.

RESPONSIBILITIES AND PROCESSES

The primary responsibility of the Audit Committee is to oversee the Corporation's financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for preparing the Corporation's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behaviour.

The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the committee may supplement them as appropriate.

- The committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between Management and the external auditor regarding financial reporting. The committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the Corporation's shareholders. The committee shall have the ultimate authority and responsibility to evaluate and, where appropriate, recommend the replacement of

the independent auditors. The committee shall discuss with the auditors their independence from management and the Corporation and the matters included in the written disclosures. The committee must also review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer. Annually, the committee shall review and recommend to the Board the selection of the Corporation's independent auditors, subject to shareholders' approval, as well as the compensation to be paid to such auditors.

- The committee shall discuss with the independent auditors the overall scope and plans for their audit including the adequacy of staffing and compensation. Also, the committee shall discuss with management, and the independent auditors, the adequacy and effectiveness of the accounting and financial controls, including the Corporation's system to monitor and manage business risk, and legal and ethical compliance programs. Further, the committee shall meet separately with the independent auditors, with and without management present, to discuss the results of their examinations.
- The committee must review the issuer's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information and must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the public disclosure hereinbefore mentioned, and must periodically assess the adequacy of those procedures. Also, the committee shall discuss the results of the quarterly review and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards. The Chair of the committee may represent the entire committee for the purposes of this latter review.
- The committee shall review with management and the independent auditors the financial statements to be included in the Corporation's Annual Report, including their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The committee shall discuss the results of the annual audit and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards.
- The committee shall review every year the insurance program of the Corporation.
- The committee must establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
- The committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor. The Audit Committee satisfies the pre-approval requirement if:
 - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the Corporation's external auditor during the fiscal year in which the services are provided;
 - (b) the Corporation or its subsidiary entities, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

- (c) the services are promptly brought to the attention of the Audit Committee of the Corporation and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.

The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

SCHEDULE B

MANDATE OF THE BOARD OF DIRECTORS

The regulations for managing a corporation have a certain flexibility thus permitting those concerned to share the responsibility of operations between the Board of Directors and management, according to circumstances and particular need.

The Board fulfills certain functions prescribed by law and is called upon to examine important situations facing the Corporation. The questions presented to the Board usually come from recommendations made by management.

In performing its duties, the Board must always keep in mind that, at the same time as being responsible for increasing the value of the shareholders' investment, as well it must protect the value of that investment against any serious depreciation.

The following items are the responsibility of the Board:

- The strategic orientation of the Corporation together with its mission and its objectives.
- The identification of the principal risks of the Corporation's business and the implementation of appropriate systems to manage these risks.
- The Corporation's business plan along with the operating budget, the capital budget and the cash flow budget.
- The financial statements, the raising of capital, loans and other important financial activities.
- The performance, commitment, remuneration, and evaluation of senior management as well as planning for management succession.
- Questions pertaining to the value of the business, to the products and services offered by the Corporation, and to the allocation of resources to new areas of activity.
- Reorganizations and restructuring of the Corporation, acquisitions and divestitures.
- The establishment of a communication or disclosure policy.
- The adoption of measures for receiving feedback from shareholders.
- The integrity of the Corporation's internal control and management information systems.
- The implementation of a process to be carried out by the Corporate Governance Committee for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.
- The development of position descriptions for the Board and for the CEO, including the definition of the limits to management responsibilities and the development or approval of the corporate objectives for which the CEO is responsible.

In order to perform its duties, the Board of Directors must not only know and approve the general orientation and plans of the Corporation, but also it needs to ensure that the approved plans are followed through as approved and that proper follow up and control systems are in place to ensure responsible management of the affairs of the Corporation.

The Board of Directors does this by examining, studying and approving, among other things, the strategic plan and the business plans as well as the budgets and also by getting the opinion of management and other internal experts and if needed, from external experts as well.

The implementation of appropriate verification procedures is important, even in the absence of problems, because these procedures allow the Board to feel secure that operations and other activities of management are being run properly, as the Board cannot realistically supervise daily activities.

Reports from the Chief Executive Officer and the Chief Financial Officer, as well as from the internal and external experts, are presented to the Board.

These procedures are not only an efficient and necessary process but also can be of assistance to the directors to defend their position should they be faced with a challenge from shareholders or third parties.

The input of the directors is valuable in that it gives management other perspectives.

The directors should take note that they have the same legal responsibilities and obligations, independently of whether the Corporation has a small or large number of shareholders.

Ultimately, the Chairman of the Board evaluates the efficiency of the Board. The Chief Executive Officer is responsible for the general direction and management of the Corporation.

A majority of the directors of the Corporation shall be “unrelated” as defined by the listing guidelines of the Toronto Stock Exchange. The Board shall review and affirmatively determine the “unrelated” status of each director.

An “unrelated director” is a director who has no direct or indirect relationship with the Corporation which could reasonably interfere with the exercise of this director’s independent judgement.

In order to assure the independence of the Board from management, the Board shall, at regular intervals, either during a regular meeting or at a special meeting called for that purpose, require that all related directors absent themselves from the meeting. The Board may, at its sole discretion, invite related directors or other members of senior management to participate in these meetings.

Each director shall have career experience relevant to the Corporation’s business, have proven understanding of fiduciary duty and demonstrate integrity and high ethical standards. Each director shall devote adequate time to serve effectively as a director. Attendance at the meetings of the Board is crucial.

An individual director of the Corporation may engage outside advisers at the expense of the Corporation, with the prior approval of the Corporate Governance Committee.