



NOVEKO INTERNATIONAL INC.

Annual Information Form

Financial Year ended June 30, 2010

September 28, 2010

Table

Information Incorporated by Reference	3
Forward-Looking Information	3
Corporate Structure	4
Name, Address and Incorporation	4
Intercorporate Relationships	5
General Development of the Business	6
Three Year History	6
Year Ended June 30, 2008	6
Year Ended June 30, 2009	6
Year Ended June 30, 2010	7
Subsequent Events	8
Description of the Business	8
General	8
Description of our Products	8
Introduction to our Antimicrobial Technologies	8
Air Filtration Products	9
Filtration Products	9
Epurair's Products	11
Antimicrobial Surgical Masks and Respirators	11
Sanitizers	13
Medical Equipments	13
Ultrasound Scanners	13
Others	14
Steel Products	14
Methods of Production	14
Sales and Marketing	15
Intellectual Property	15
Employees	17
Competition	17
Air Filtration Products	17
Antimicrobial Surgical Masks and Respirators	18
Sanitizers	19
Ultrasound Scanners	19
Operations and Facilities	19
Risks Factors	19
Risks Related to our Financial Condition	20
Economic Risks	20
Business Risks	21
Risks Related to our Securities	24
Dividends	25
Description of Capital Structure	25
Class A Shares	25
Class B Shares	25
Class C Shares	25
Options	26
Warrants	26
Market for our Securities	27
Directors and Officers	27
Shareholdings of Directors and Executive Officers	30
Audit Committee	30
The Audit Committee's Charter	30
Composition of the Audit Committee	30
Education and Relevant Experience	30
Reliance on Certain Exemption	31
Reliance on the exemption in Subsection 3.3(2) or Section 3.6 of MI 52-110	31
Reliance on Section 3.8 of MI 52-110	31
Audit Committee Oversight	31
Pre-Approval Policies and Procedures	31
External Auditor Services Fees	31
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	32
Interest of Management and Others in Material Transactions	32
Transfer Agent and Registrar	33
Material Contracts	33
Experts	33
Additional Information	33
Schedule A - Charter of the Audit Committee	35

INFORMATION INCORPORATED BY REFERENCE

Some of the information contained in this Annual Information Form ("AIF") may be found in other documents filed by us with Canadian securities regulators, including our Management's Discussion & Analysis for the year ended June 30, 2010 (the 2010 Annual MD&A"), including our Audited Financial Statements for the year ended June 30, 2010), which documents are available via SEDAR or our website and can be accessed at www.sedar.com or www.noveko.com. See also the section "Additional Information" in this AIF.

Unless otherwise noted, the information contained in this AIF is given as at June 30, 2010. Unless otherwise noted or if the context indicates otherwise, "Noveko International", the "Corporation", "we", "us", "our", "our Corporation", "Group", and "our Group" refer to Noveko International Inc. and its subsidiaries. Unless indicated otherwise, all dollar amounts in this AIF are expressed in Canadian dollars.

Information in connection with any entities other than those of our Group has been obtained from sources that we consider reliable but of which we cannot guarantee the accuracy.

FORWARD-LOOKING INFORMATION

This AIF includes forward-looking statements which may involve, but are not limited to, statements with respect to our objectives, targets, goals, priorities and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business conditions outlooks, prospects and trends in the industries in which we are involved; expected growth in demand for products and services; product development, including planned design, characteristics, capacity and performance; expected and or scheduled entry into service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; our competitive position and the expected impact of the legislative and regulatory environment and legal proceedings on our Group's business and operations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. By their nature, forward-looking statements require us to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. While we consider these assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with our business environment (such as the financial condition of the economic sectors in which we are involved), operational risks (such as those involved in developing new products and services, risks associated with doing business with partners, product warranty and products liability, risks from regulatory and legal proceedings, risks relating to our dependence on certain key customers and suppliers, human resources, risks resulting from fixed-term commitments and risks associated with production and projects execution), financing risks (such as risks relating to liquidity and access to capital markets, risks relating to the terms of certain restrictive debt covenants) and market risks (including foreign currency fluctuations, changing interest rate and commodity pricing risk). For more details, see the Risks Factors section of this AIF. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed upon forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as of the date of this AIF and are subject to modifications after this date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements are provided expressly under this warning.

CORPORATE STRUCTURE

Name, Address and Incorporation

Our current name is Noveko International Inc. We were incorporated under the provisions of the *Canada Business Corporations Act* by Certificate of incorporation on September 23, 1983 under the name 126584 Canada Ltée. The following Certificates of Amendment amended our articles of incorporation:

<u>Date</u>	<u>Purposes</u>
11/07/1983	To change the Corporation's name to Ressources Minières Eider Inc.
01/25/1985	To remove restrictions on the transfer of shares.
02/12/1985	To remove pre-emptive rights for holders of Class A Shares and to amend the authorized share capital.
04/24/1985	To cancel the right of the holders of Class B Shares to elect 1/3 of the directors.
05/30/1988	To change the Corporation's name to Noveder Inc. and to change the designation of the classes of shares.
08/07/1990	To amend the rights and conditions of the classes of shares and to reduce the stated capital on the then Common Shares.
09/12/2001	To change the Corporation's name to Atlantis Explorations Inc./Exploration Atlantis inc. and to consolidate the issued shares on the basis of one (1) share for every ten (10) shares.
01/27/2004	To consolidate the issued shares on the basis of one (1) share for every three (3) shares and to change the Corporation's name to Noveko Echographs Inc.
12/17/2004	To allow the directors to appoint one or more additional directors to hold office until the next annual meeting of shareholders subject that the total number of directors so appointed may not exceed 1/3 of the number of directors elected at the previous annual meeting of shareholders.
01/01/2006	To change the Corporation's name to its current name Noveko International Inc.

You should be aware that at the next Annual and Special Meeting of the Shareholders, the shareholders will have to consider and, if deemed appropriate, adopt a special resolution amending the Corporation's articles to increase, from 9 to 12, the maximum number of its directors. Details of the proposed amendment will be found in the Management Proxy Circular for the Annual and Special Meeting of the Shareholders to be held on December 14, 2010.

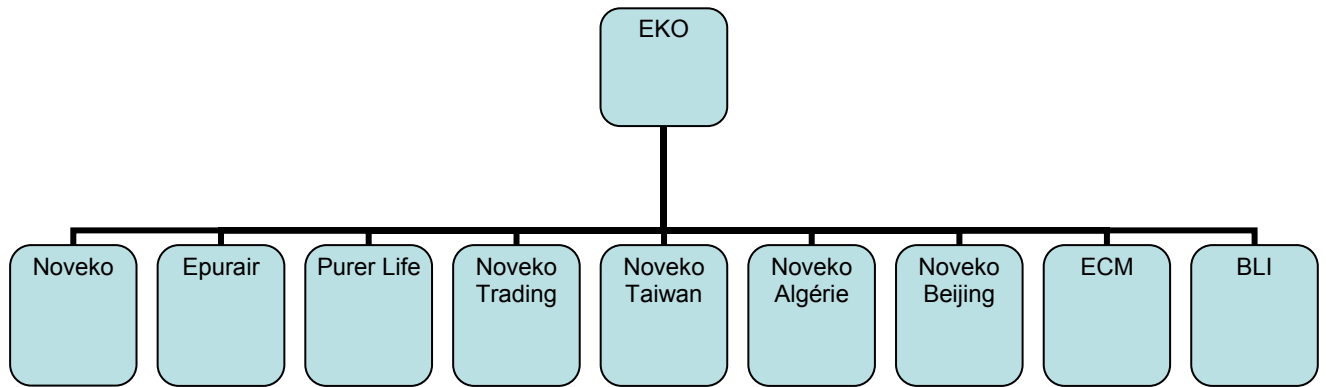
The Corporation's head and registered office are located at 500, Place d'Armes, Suite 1600, Montreal, Quebec, H2Y 2W2. The Corporation and its subsidiary, Noveko, have also, a place of business at 3152, des Entreprises Blvd, Terrebonne, Quebec, J6X 4J8. In order to facilitate and optimize their operations, the Corporation and Noveko will, in December 2010, regroup their respective offices at 1155, West René-Lévesque Blvd, Suite 1900, Montreal, Quebec H3V 4B2.

Our website address is www.noveko.com. The information on our website is not incorporated by reference in this AIF.

Intercorporate Relationships

As of June 30, 2010 (and no change occurred since that date), our Group was composed of the following entities:

Corporation's Group



Abbreviations:

BLI:	Bolduc Leroux Inc. (Terrebonne, Quebec)
ECM:	S.A.S. E.C.M. (Angoulême, France)
EKO:	Noveko International Inc. (Montreal, Quebec)
Epurair:	Epurair Inc. (Boucherville, Quebec)
Noveko:	Noveko Inc. (Terrebonne, Quebec)
Noveko Algérie:	SARL Noveko Algérie (Zéralda, Alger, Algeria)
Noveko Beijing:	Noveko (Beijing) Hi-Tech Development Limited (Beijing, China)
Noveko Taiwan:	Noveko Taiwan Co., Ltd. (Taipei, Taiwan)
Noveko Trading:	Noveko Trading 2008 LLC (Budapest, Hungaria; Luxembourg, Luxembourg)
Purer Life:	Purer Life Technology Co., Ltd. (Taichung, Taiwan)

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

You will find below a description of the acquisitions we have made during the last three fiscal years and other events, including issue of securities, which occurred during that period.

Year ended June 30, 2008

On July 26, 2007, we acquired all of the outstanding shares of Laboratoire SyMa Inc. ("SyMa"). This acquisition was settled by way of a cash consideration of \$500,000 and by the issuance of 756,156 Class A Shares of the Corporation. SyMa specialized in the commercialization of antimicrobial sanitizer products (for hands, feet and surfaces) disinfecting without using water. These products are currently marketed under the Microban® and Azuro® trademarks. See the Description of the Business – *Sanitizers* section. SyMa was amalgamated, on July 1, 2009, with Noveko Inc.

In August 2007, Noveko was granted a Health Canada establishment licence under the *Food and Drugs Act* to manufacture, import and distribute in Canada its antimicrobial surgical masks and respirators.

In March 2008, the Corporation became a Tier 1 Issuer at the TSX Venture Exchange.

On May 23, 2008, we announced that the exercise date for the Warrants issued pursuant to the May 2007 Private Placement was accelerated to June 30, 2008 as per their initial terms and conditions. Further to the exercise of these Warrants, a total amount of \$17.5 millions was raised (of which approximately \$14.3 millions were raised between March 31, 2008 and June 30, 2008).

On June 10, 2008, we acquired all the outstanding shares of Magnum Pharmaceuticals Inc. ("Magnum"), a specialized management services company focused on providing services to pharmaceuticals, over-the-counter drugs and medical devices manufacturers and distributors. This acquisition was settled by the issuance of 618,557 Class A Shares of the Corporation.

Year ended June 30, 2009

On July 10, 2008, we acquired all the outstanding shares of Unitam International Management Corporation Inc. ("Unitam"). This acquisition was settled by way of a cash consideration of \$250,000 and by the issuance of 500,000 Class A Shares of the Corporation. Unitam was an international business development service agency representing North American companies in Asia and Asian companies in North America. All shares of Unitam were transferred to Magnum, on June 26, 2009, and thereafter Unitam was dissolved into Magnum.

On July 17, 2008, we acquired all the outstanding shares of Noveko Algérie. This acquisition was settled by the issuance of a total of 240,000 Class A Shares of the Corporation divided equally between Mr. Mourad Ramdane and BLT Capital Inc. ("BLT Capital"). BLT Capital's shares are held equally by three shareholders, including Mr. André Leroux, Chairman of the Board and Chief Executive Officer of the Corporation and Mr. Alain Bolduc, President and Chief Operating Officer of the Corporation. In addition to our products, Noveko Algérie imports and distributes, in North Africa, medical equipments manufactured by third party manufacturers.

On July 18, 2008, we acquired all the shares of Groupe conseils Micron-Air inc. ("Micron-Air") and of two other associated corporations. The acquisition of these shares was settled for a total cash consideration of \$800,000 and the issuance of 600,000 Class A Shares of the Corporation. Micron-Air was a designer and manufacturer of air quality systems marketed under the EPURAIR™ trademark. Further to a corporate reorganization, the activities previously carried out by Micron-Air are now carried out by Epurair.

On July 28, 2008, the Corporation's Class A Shares were listed on the Toronto Stock Exchange and, consequently, ceased to be traded on the TSX Venture Exchange.

On August 1, 2008, the Corporation and Noveko Trading acquired respectively all the outstanding shares of Purer Life and of U-Bond Inc. ("U-Bond"). The total consideration paid for the purchase of these shares was

\$5,855,000. On the same day, Mr. Hung-Jen Chen, President of Purer Life, subscribed for a total of 1,100,000 Class A Shares of the Corporation, at a subscription price of \$3.05 per share. Purer Life specializes in the development and manufacture of filtration fabric. Each of Purer Life and U-Bond owned a portfolio of intellectual property rights. As of May 5, 2009, U-Bond was liquidated into Noveko Trading, its sole shareholder. Therefore, Noveko Trading is now the owner of all intellectual property rights previously held by U-Bond.

In November 2008, we finalized the incorporation and organization of Noveko Taiwan to facilitate the distribution of our products in Asia, particularly in Taiwan.

Year ended June 30, 2010

In October 2009, we proceeded with two closings of a private placement of units (the "2009 Private Placement") through which a total gross amount of \$15.7 millions were raised. Each Unit was offered at a price of \$2.20 and consisted of one (1) Class A Share of the Corporation and one-half (1/2) Warrant (each entire Warrant, a "Warrant"). Each Warrant entitles its holder to purchase one (1) Class A Share at a price of \$3.00 per share for a period of 36 months ending October 8, 2012, subject however to an acceleration clause described hereafter. Therefore, we have issued, in connection with the 2009 Private Placement, a total number of 7,156,000 Class A Shares and of 3,578,000 Warrants entitling the purchase of an additional total number of 3,578,000 Class A Shares.

Should the Corporation's Class A Shares trade at a price per share equal to or higher than \$4.50 computed on a weighted average basis during a period of 20 consecutive business days on the Toronto Stock Exchange, the Corporation may decrease the exercise period to a period of 30 days, after which the Warrants will be no longer exercisable.

In connection with the 2009 Private Placement, the Corporation granted options to the Agents allowing them to purchase a total number of 490,571 Units, at a weighted average price of \$2.58 per unit. Each Unit, if purchased, will consist of one (1) Class A Share and one-half (1/2) Warrant. Such Warrants will have, if the Units are issued, the same terms and conditions as those issued in the 2009 Private Placement.

Effective April 2, 2010, we acquired all the outstanding shares of Beijing Oasis International Business Development Limited (renamed "Noveko (Beijing) Hi-Tech Development Limited) ("Noveko Beijing"), in consideration of a total amount of one (1) million renminbis (or \$147,599 CAD).

On April 22, 2010, we reimbursed an amount of \$100,002 in cash representing the last convertible debenture of the Corporation then outstanding. Debentures representing a total amount in principal of \$5,200,000 were issued in 2005 and 2006. All the other convertible debentures were converted into Class A Shares in accordance with the provisions of such debentures.

On May 12, 2010, we granted 300,000 warrants to Maxim Group LLC ("Maxim"), an American investment bank whose services were retained to enhance our visibility in the US financial community and thereby favour our access to a larger group of investors. Subject to a mandatory holding period of six months and one day, these warrants entitle the holder to purchase 300,000 Class A Shares at an exercise price of \$1.00 per share. They will expire on May 12, 2013.

On June 3, 2010, Magnum availed itself of the provisions of the *Bankruptcy and Insolvency Act (Canada)* in proceeding with the voluntary assignment of its assets. Since its acquisition by the Corporation, Magnum has generated considerable losses and debts due to its incapacity to carry out its business plan. As Magnum's financial position was not expected to improve in the near future, the Corporation decided, in the interests of its shareholders, not to inject any additional funds in this business entity and rather focus its resources on achieving its main growth objectives.

On June 30, 2010, we announced that our subsidiary, Noveko, had closed credit facilities for a total amount of \$4.5 million. These facilities are comprised of (i) a receivable purchase facility for a maximum amount of \$3,000,000, (ii) a facility to allow for the issuance of standby letters of credit to secure payment of raw material purchases with key-suppliers for a maximum amount of \$1,000,000, and (iii) a \$500,000 line of credit. These facilities are supplied by Bank of Montreal.

We were exempted under National Policy 51-102 to file Business Acquisition Reports in connection with the acquisitions made during each of the last three fiscal years.

Subsequent events

Noveko and Monitrol Inc. have jointly agreed to terminate the exclusive distribution agreement binding them, given that it no longer matched with their respective business objectives and strategies. However, both parties are currently looking into a way of collaborating on specific projects in the future.

On September 23, 2010, we announced that, subject to the acceptance of the Toronto Stock Exchange, we intended to proceed with a private placement of Class A Shares, for a minimum amount of \$4 million and a maximum amount of \$10 million, at a price of \$0.60 per share (the "2010 Private Placement"), pursuant to applicable exemptions from prospectus requirements for private placement. The net proceeds of this placement will be used to pursue the Corporation's growth objectives, mainly in the filtration sector, as well as for general working capital purposes. Subject to the prior acceptance of the Toronto Stock Exchange, a first closing is expected to occur on or about September 30, 2010.

For more information on the activities of our Group, please refer to our Annual and Quarterly MD&As and to our Press Releases, which documents are available via SEDAR at www.sedar.com. These documents are also available via our own website at www.noveko.com.

We were exempted under National Instrument 51-102 *Continuous Disclosure Information* to file Business Acquisition Reports in connection with the acquisitions made during the last three fiscal years.

DESCRIPTION OF THE BUSINESS

General

The Corporation offers innovative solutions in the environmental and medical fields worldwide with the purpose of improving human and animal health and well-being. Through our subsidiaries, we are engaged primarily in the design, development, manufacture, and marketing of products incorporating our patented air filtration technologies, specifically air filters, antimicrobial surgical masks and respirators, as well as other products such as hand sanitizers with antimicrobial properties and medical equipment, mainly ultrasound scanners for use in human and veterinary medicine. As at June 30, 2010, the Corporation also held (and still holds as at September 27, 2010) the shares of BLI, which specializes in the custom processing and distribution of steel products. BLI's operations have been treated as discontinued in our financial statements and we are continuing our efforts to sell this business.

Description of our Products

Introduction to our Antimicrobial Technologies

Through the acquisition of BLI in 2006, we acquired all the intellectual property rights related to the antimicrobial filtration technology developed and then held by BLI. Prior to that acquisition, we were only involved in the commercialization of real-time ultrasound portable scanners. Therefore, the acquisition of BLI constituted a major shift in our activities. Without abandoning the commercialization of real-time ultrasound portable scanners, the focus of our growth was progressively transferred towards the development and commercialization of products derived from our antimicrobial filtration technology, being our air filters and antimicrobial surgical masks and respirators. Further to that acquisition, BLI transferred all its intellectual property rights relating to the antimicrobial filtration technology to Noveko Inc.

In May 2006, the U.S. Patents and Trademarks Office (the "USPTO") granted our first patent for our antimicrobial filtration technology and a second US patent was granted in July 2009. Our antimicrobial filters and masks capture and neutralize pathogens through a network of fibers incorporating antimicrobial agents within their structure. A crucial feature of our patents is that they are not limited to the use of a specific antimicrobial agent. Therefore, they provide extensive protection as they embrace any type of impregnated, incorporated or molecularly fibre-bound antimicrobial agent. Examples of antimicrobial agents covered by these patents include anti-bacterial agents, anti-viral agents, anti-mold agents, anti-yeast agents, and anti dust-mite agents, or any combination of these.

Additional patents for our antimicrobial filtration technologies were also granted by several other countries. We also benefit from intellectual property rights related to patent applications in several other jurisdictions. Please refer to the Patents and Patent Applications Table in the Intellectual Property section hereafter.

On May 6, 2008, a request for an Ex Parte Reexamination of US patent 7,044,993 (microbicidal air filter) was filed by an anonymous third party at the USPTO. This request advanced prior art against our patent and sought its invalidation. After more than one year of communications with the USPTO, it dismissed that request and issued on July 13, 2009, a Statement of reasons for patentability and/or confirmation of our patent.

Air Filtration Products

Our air filtration products include two types of products: (i) our air filters which incorporate antimicrobial agents into their fibers, therefore reducing their deterioration due to microorganisms, and (ii) our other products commercialized by Epurair (formerly by Micron-Air), including, the portable or central HEPA air exchangers and air purifiers, filtration systems for furnaces, central air humidifiers and ventilators.

Filtration Products

Our air filters were the first products developed and commercialized that incorporated our patented antimicrobial filtration technologies. We initially developed our filters for the swine industry. Airborne transmission of virus and other pathogenic agents constitutes a major concern for the swine industry. The Faculty of Veterinary Medicine of the *Université de Montréal* jointly with the *Centre de développement du porc du Québec inc.* (the “CDPQ”) conducted, under the supervision of Dr. Laura Batista D.V.M. Ph. D, a series of tests demonstrating the effectiveness of our antimicrobial air filters in preventing airborne contamination of swine facilities by the porcine reproductive and respiratory syndrome virus (“PRRSV”). This virus is the most destructive swine pathology and, worldwide, results in considerable economic losses for the world’s swine industry. These tests proved that our technology was able to inactivate the PRRSV and other airborne pathogens thus preventing herd contamination. Studies done by Dr Scott Dee of the University of Minnesota – a world renowned authority in swine veterinary medicine – corroborated the results of the tests conducted by the Faculty of Veterinary Medicine of the *Université de Montréal* in cooperation with CDPQ. Notwithstanding the foregoing, we cannot warrant and we do not warrant to our customers that no contamination will affect their herds. Indeed, even though air filtration is a key feature for the protection of herds, each customer must integrate our filtration solutions into a well-defined biosafety program that must be strictly followed. Our filters are easy to install and maintain as well as more durable than other types of air filters currently sold in the market, representing a more economical solution. They can also be adapted for use in other farm environment where large breeds are involved.

Purer Life’s acquisition in August 2008 represented a crucial milestone for the development of our air filter activities. This Taiwan-based company has developed and manufactures an air filtration membrane incorporating a patented weaving technology with a three-dimensional fiber. Prior to its acquisition, Purer Life was already our filtering fabric supplier.

Throughout the past year, we succeeded in demonstrating that our filtration solutions have the potential to generate new applications targeted to various business segments. We have been able to prove that our air filters, in addition to their outstanding air filtration capacity, provide also a superior resistance and longer life in comparison to other filtration products currently used in the industry. Their superior overall performance and longer durability constitute in many ways a more economical and ecological alternative solution for their users.

In the last months, we further focused on developing our air filters segment which will likely be, our main growth sector. We are convinced that our filtration solutions, including the ones targeted to the farm buildings and, above all, the ones targeted to the transportation industry and the buildings sector (office buildings, healthcare institutions, and multi-purpose building) will represent markets with higher potential than the antimicrobial masks and respirators market. Indeed, the masks and respirators market is not only subject, as for any other medical devices (especially, medical devices with antimicrobial properties), to several regulatory barriers that vary from jurisdiction to jurisdiction, but is also subject to the likelihood of pandemic or epidemic threats. Conversely, air filtration targeted to the buildings and transportation segments, especially, railway transportation, is much less regulated and regulations focus mostly on the

equipment safety characteristics rather than on the efficiency of the antimicrobial properties. Therefore, we should not encounter the same problems we experienced with respect to the requirements developed by the *Food and Drug Administration* (the "FDA") in relation to our masks, notably achieving a 4-log reduction bioefficacy (see the *Antimicrobial Masks and Respirators* subsection). Also, contrary to the masks and respirators sector, this one is not subject to the likelihood of pandemic or epidemic threats. Having said that, we do not intend to give up the masks and respirators sector; it rather means that further efforts are now being focused on the search for the right partners to grant them manufacturing and commercialization licences to our intellectual property.

Railway Transportation

We announced on May 6, 2010, the conclusion of an agreement with Bombardier Transportation, a world leader in rail technology, to develop air filtration solutions for the rail transportation industry.

Pursuant to this agreement, the parties will jointly develop filtration solutions that will be offered to the clients of Bombardier Transportation, according to their specific needs. With operations in more than 60 countries, Bombardier is the leader in the manufacture and maintenance of rail transportation equipment. It offers one of the most complete portfolios of vehicles worldwide, including mainline trains, subway cars, light rail vehicles and locomotives. In addition to the maintenance of the rail vehicles that it manufactures, Bombardier Transportation also ensures maintenance for rail vehicles manufactured by others.

Noveko™ filtration solutions offer superior filtration effectiveness, greater resistance and durability, characteristics that are valued by the transportation industry. In addition, because we incorporate within the fibers of our filters antimicrobial agents, we are able to reduce the deterioration of such filters caused by micro-organisms, thus allowing them to be cleaned. All these features enable users to achieve energy savings related to their ventilation systems and reduce the number of filters used, resulting in major cost savings. Washable and recyclable, our air filters constitute a more ecological solution than the other filters currently on the market.

Buildings

Since December 2009, we have announced the signature of three agreements under which the following buildings are equipped with our Noveko™ air filters:

1. the Complexe Desjardins, the largest multi-purpose building (office building and mall center) in Montreal;
2. a pavilion of the Jewish General Hospital of Montreal, a leading healthcare and research institution in Quebec;
3. the Bell Center, the largest hockey arena in North America, the home of the legendary Montreal Canadiens Hockey Club, and one of the most technologically advanced and versatile venues worldwide.

Our filters designed for buildings, other than those for farming buildings, consist of four layers of synthetic fiber that are fully leak-proof and offer an excellent resistance to temperature and humidity variations. Their superior filtration effectiveness also enables users to achieve ventilation systems related energy savings. Thanks to their greater durability and the fact that they are entirely washable and recyclable, the number of filters and the costs associated with their replacement are reduced considerably, making them a first-class environmental solution. We incorporate antimicrobial agents into the fibers of these filters reducing their deterioration due to micro-organisms.

The energy savings and the reduction in filtration waste arising from the use of our filtration solutions are particularly important advantages for buildings seeking to obtain certifications such as LEED (Leadership in Energy and Environmental Design), BOMA BEST (Building Environmental Standards), ISO 14001 and ICI ON RECYCLE, or other similar certifications and programs.

Aeronautics

In the aeronautics market, we are pursuing the required tests to obtain “STC” certification from Transport Canada. Despite some delays due notably to the opening of a safeguard proceeding period obtained by the French firm Aerosys Technologies as described hereafter, we are continuing to implement our business plan for the commercialization of our filtration technologies in the aeronautics field. In April 2009, we signed an exclusive distribution agreement with the French firm Aerosys Technologies (“Aerosys”), for filters incorporating Noveko’s antimicrobial filtration technology. This agreement covered the marketing of the filters, worldwide, to aircraft manufacturers, aeronautics maintenance companies and air carriers and, in France, to the railway, auto manufacturing and defense industries, subject to certain exceptions. The agreement had an initial term of two years ending April 7, 2011. However, this firm has obtained on January 7, 2010 the opening of a safeguard proceeding in accordance with the French Commercial Code. The purpose of a safeguard proceeding is to favor the reorganization of a company experiencing financial difficulties, aiming for the continuance of its business activities, maintaining jobs and reducing its liabilities. Aerosys’ management retains the power to manage its business and is pursuing its operations during the procedure. However, the latter temporarily suspends the payment of debts to creditors, prevents or suspends lawsuits and prohibits termination of agreements binding that enterprise. We notified Aerosys, on September 8, 2010, that the agreement binding us would not be renewed upon expiry on April 7, 2011 and that we consider the exclusive distribution rights arising therefrom to be terminated, given Aerosys’ failures to comply with its terms and conditions. Furthermore, Aerosys owed us a total amount of 455,976.12€ for the purchase of masks and sanitizers. No guarantee can be provided that we will recover this amount. In accordance with our accounting rules, we have already recognized an allowance for doubtful accounts for the entire amount in our financial statements for the entire amount.

Epurair’s Products

Epurair commercializes portable or central HEPA air exchangers and air purifiers, filtration systems furnaces, central air humidifiers and ventilators mostly for the residential market. Epurair holds no patent for its products.

Antimicrobial Surgical Masks and Respirators

We commercialize two types of antimicrobial surgical masks (3xEZ and 4xEZU) and three types of respirators (5dEZR, 9dHER and RD2). Our antimicrobial surgical masks and respirators are not only effective in blocking the spreading of pathogens by filtration, but also in neutralizing them thanks to the antimicrobial agents incorporated into the fibers of the filtering membranes. Each layer of our surgical masks and respirators is made of fibers incorporating antimicrobial agents. We use fibers that ensure easy-breathability without compromising filtering efficiency.

We are subject to the laws governing the manufacturing and distribution of medical devices in each country where we intend to sell or distribute our antimicrobial masks and respirators. In Canada, Noveko was granted, in August 2007, a Health Canada establishment licence under the *Food and Drugs Act* pursuant to which it may manufacture, import and distribute in Canada medical devices, namely its antimicrobial surgical masks and respirators.

In Europe, the member states of the European Union (EU) have adopted the *European Medical Device Directives*, which create a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in any EU member country to affix CE Marking on their products. Since July 2008, we may affix the CE Marking on our surgical masks. In July, 2010, our new model of RD2 antimicrobial respirator obtained FFP2 classification (meaning that this respirator has been designed and tested in compliance with the EN149:2001+A1:2009 standard) allowing us to market it in all countries throughout the European Union. This standard applies exclusively to respirators, whereas surgical masks are not subject thereto. This European FFP2 classification will also facilitate the commercialization of our respirators in other territories that recognize this classification *de facto*.

In the USA, the US *Food, Drug and Cosmetic Act* (the “FDCA”) provides for the regulation by the FDA of the design, manufacture and marketing of medical devices in the USA. Our antimicrobial surgical masks and respirators are medical devices under this Act. Pursuant to the FDCA, a premarket notification submission must be filed with the FDA (a “510(k) submission”) before marketing a medical device in the USA.

In November 2009, we announced that we were refocusing our strategy for the marketing of our Noveko™ masks and respirators in North America and, accordingly, that we were withdrawing our initial 510(k) submission to the FDA for the Noveko™ 3xEZ antibacterial surgical mask (“the initial FDA submission”). The prevailing A (H1N1) influenza virus pandemic context and the time and cost imperatives associated with the initial FDA submission process - which took longer and proved more complex than initially expected, moreover being limited to the Noveko™ 3xEZ surgical mask, which had only an antibacterial claim - led the Company's management to refocus its strategy. In our opinion, one of the major hurdles for obtaining a 4-log reduction bioefficacy against bacteria during short term mask use. A bio-efficacy of 4-log reduction means a neutralization of 99.99% of the bacteria during a specific period of use (in comparison, a 3-log reduction means a neutralization of 99.9%, and a 2-log reduction, a neutralization of 99%). The reorientation of our strategy allows us to develop new test protocols and obtain performance data to sustain a new 510(k) application to the FDA for the commercialization of our masks and respirators in the USA, which could contain an antiviral claim rather than an antibacterial or antimicrobial claim (the last one comprising both bacteria and viruses).

In that context, we also submitted in April 2010 to the National Institute for Occupational Safety and Health (“NIOSH”) an application for certification of our models of 5dEZR and 9dHER respirators. Such certification only covers the particle filtration characteristics of a respirator and thus does not cover the antimicrobial features of our respirators. This certification is not only required by the US market but several markets not subject to specific filtration standards recognize it and many buyers seek it when making their purchasing decision. We have since held several discussions with NIOSH representatives, subsequent to which we were informed that due to the presence of antimicrobial agents in our respirators and pursuant to an agreement with the FDA, our application could not be considered until FDA certification is obtained for these respirators, even though our application to NIOSH did not include any antimicrobial claim. In the meantime, we have withdrawn our first application filed with NIOSH for our antimicrobial respirators to replace it with a new application for certification of a new respirator model whose design and particle filtration features are identical to those of the antimicrobial respirators covered by the first application, but without any antimicrobial agents. We are currently finalizing the tests on this new respirator model in accordance with NIOSH standards in order to submit shortly a new application for certification to NIOSH. Through this process, we hope to show buyers seeking such NIOSH recognition in their purchasing decision that our respirators that our respirators, with or without antimicrobial agents, meet the NIOSH's filtration criteria, even though their commercialization in the United States remains subject to obtaining FDA certification.

Concurrently with this process, we have been working for several months on the tests and on obtaining the required performance data to draw up the file in order to support a future 510(k) submission that would meet both the FDA's requirements and our own commercial imperatives. In this context, and in line with our strategy of teaming up with partners in order to stimulate the development and marketing of our technologies, we are continuing talks with certain large-scale corporations. We are looking into various partnership opportunities that would facilitate the development of antimicrobial masks and respirators meeting all these requirements.

On August 11, 2009, Microban International, Ltd. granted us a licence to use the trademark Microban® for the commercialization of our surgical masks and respirators allowing us to use it as the lead/host brand or ingredient brand and also granting us the right and licence to use the Microban antimicrobial technology and the Microban's proprietary antimicrobial additives, in the manufacture of our surgical masks and respirators until December 31, 2012. See also the *Sanitizers* section.

We announced on October 2009 the signature of a 3-year distribution agreement for our antimicrobial masks and respirators and our hand sanitizers with Malaysian-based SappTech Sdn Bhd. This agreement covers the distribution of these products in Malaysia, Singapore, Indonesia, Thailand, and in the State of Brunei Darussalam. SappTech has undertaken to purchase a minimum of 100 million masks over a three year period for an estimated value of approximately \$25 million. SappTech is continuing the process of obtaining the various required authorization for the marketing of our masks pursuant to the national standards specific to some of the territories covered by this agreement. However, as of this date, this agreement has not yielded the hoped for results. We are currently looking into the different avenues with respect to the materialization of this agreement. Also, the deliveries that had started in Thailand had to be suspended due to its political problems.

Sanitizers

Noveko distributes a product line of sanitizers, which are produced on its behalf by third-party manufacturers. These sanitizers include hand sanitizers, which incorporate emollients, that desinfect without the use of water and that are commercialized under the Microban® and Azuro® trademarks — as well as three other products: Azuro® Foot, a foot sanitizer, Azuro® Vapo, a surface disinfectant, and Azuro® Medical, specifically intended for meeting the healthcare market requirements.

In August 2009, we were granted the right to use the Microban® brand name for the commercialization of our hand sanitizers through December 31, 2012, pursuant to the license agreement entered into with Microban International, Ltd. See also the Antimicrobial Surgical Masks and Respirators section in connection with other products covered by this license agreement. In November 2009, we have begun the commercialization of our Microban® hand sanitizers product line.

Since December 2009, our Noveko™ 4xEZU antimicrobial masks, as well as our 25 ml, 125 ml, and 500 ml sizes of our Microban® hand sanitizers along with our Azuro® Vapo surface disinfectant, are available in most of the Couche-Tard convenience stores across Quebec. Couche-Tard is the largest independent convenience store operator in terms of number of stores.

In March 2010, we entered into a distribution agreement with AMD-Ritmed Inc., a North American leader in the development and distribution of specialized high-quality and disposable medical supplies. This agreement for an initial period of two years covers the sale and promotion of Microban® hand sanitizers, in Canada, in the health professionals market, including hospital, medical and veterinary settings, and in the United States, to specialized healthcare providers, all subject to certain exceptions.

On September 8, 2010, we announced the signature of a distribution agreement with Benjamin News Inc., a Quebec company that began its activities in 1917, and is specialized in the distribution of magazines and complementary products to the retail segment. Its distribution channels reach each week some 9,000 retail stores, including more than 8,000 in Quebec, including leaders in the pharmaceuticals and food industries. This agreement, which has an initial term of three years, covers the sale and promotion, through its distribution channel, of our Microban® hand sanitizers in Quebec, New Brunswick and Eastern Ontario. This agreement should step up the marketing of our sanitizers in the retail segment and optimize the positioning, showcasing and constant monitoring of our products in-store.

Medical Equipments

Ultrasound Scanners

ECM specializes in the development and marketing of ultrasound scanners for use in veterinary and human medicine. ECM's products are commercialized under the trade names AGROSCAN™, V-SCAN™, ImaGyne™ and Exago™. In veterinary medicine, ECM is a leader in the swine market, with its AGROSCAN™ product line, the most complete range of ultrasound scanners in this field. Its new generation of ultrasound scanners described hereafter is now completing its veterinary line of products for veterinary medicine. ECM also enjoys an enviable position in the bovine, ovine and caprine markets thanks notably to its network of 55 exclusive distributors. In the animal market, ultrasound scanners are used to improve breeders' yield by facilitating the diagnosis of animal pathologies, the monitoring of gestation and the evaluation of animals' body fat to optimize meat quality. In addition to its products' innovative features and excellent quality/price value, ECM's main differentiating advantage in ultrasonography lies in the fact that its scanners are portable, user-friendly and battery-powered, so they can be used both in clinics and in the field. These characteristics position ECM in specific market niches, including some developing countries, where major competitors are absent. In October 2008, ECM extended its line of ultrasound scanners for use in veterinary medicine, by launching the V-SCAN™, a light compact and competitively-priced unit for breeders of small and medium-size swine herds.

After having been authorized to affix the CE marking, ECM launched, in June 2008, the ImaGyne™, a new cart-based ultrasound scanner enabling it to penetrate the human medicine market. The ImaGyne™, a 64-channel device, has been designed for use in obstetrics, gynecology and vascular medicine, but also, to a lesser extent, for use in veterinary medicine, notably for pets, a relatively new market for ECM.

Furthermore, although initially slowed down by the additional delays encountered in obtaining the product approvals in each of the countries where it was launched, the marketing of the Imagyne™ ultrasound scanner for use in human medicine is going well, whereas a major breakthrough in China considerably reinforced ECM's market positioning in ultrasound scanning for use in human medicine. In this regard, ECM recently obtained authorization from the State Food and Drug Administration of the People's Republic of China (SFDA) to sell its Imagyne™ ultrasound scanner in China, and consequently concluded an exclusive distribution agreement with Ningbo Xingaoyi Magnetism Co. Ltd ("NXM"), a leading Chinese high-tech firm specializing in the manufacturing of magnetic resonance equipment. Under this agreement, which has an initial term of three years, NXM has committed to purchase Imagyne™ scanners for use in human medicine in China, all for a minimum value of 5.7 million Euros, of which 900,000 Euros the first year. The Imagyne™ ultrasound scanner will also be designed for use in veterinary medicine, but to a lesser extent.

ECM also achieved major breakthroughs in commercializing its Exago™ ultrasound scanner in the equine market, a new niche for ECM, within a few months of its launch. In fact, it was recently awarded contracts representing more than \$4 million over a three-year period by key players in the North American veterinary medicine field. The Exago™, another high-end ultrasound scanner, is initially intended for veterinarians, especially in the equine market, and subsequently for the pets market. Once the required approvals are obtained, this device will also be designed for use in human medicine, especially for emergency, anesthesia and army needs. ECM expects to obtain the authorization to affix CE Marking on this device during the second quarter of fiscal 2011. Once the Exagyne™ (as it were the portable version of the Imagyne™) has also been brought to market, ECM will offer a complete line of ultrasound scanners responding to various clinical applications, thereby driving further penetration of the human medicine market. A network of exclusive distributors for the human medicine market has now been set up and extends to some 30 countries.

Before we acquired ECM's shares in November 2004, our ultrasound scanners activities were carried out solely by Noveko. In June 2007, we transferred most of our ultrasound scanners activities under ECM's umbrella in order for Noveko to concentrate its activities in its other business units, more specifically its patented antimicrobial filtration technology and derivate products.

Others

In addition to our products, Noveko Algérie imports and distributes in North Africa medical equipments manufactured by third-party manufacturers.

Steel Products

BLI specializes in the custom processing and distribution of steel products based on client specifications and designs. It has also developed and markets a line of downdraft particle extraction tables for various industrial, commercial and pharmaceutical markets. BLI transforms with its specialized numeric control equipment, and steel binding and punching equipment, various steel products into finished products. However, the reader should be aware that as the activities of BLI are currently not strategic to our Group's growth, we consider that our financial and human resources should be focused on our core sectors. Consequently, we have decided to sell that subsidiary and BLI's operations have been treated as discontinued in our 2010 Annual MD&A and accompanying financial statements.

Methods of Production

Our antimicrobial air filter membranes are manufactured at Purer Life's facility in Taichung, Taiwan.

The chemical mixture transformation and fabric production for our antimicrobial surgical masks and respirators are completed in the United States by third party manufacturers according to our antimicrobial filtration technology standards. The assembling of the filtering membranes to which antimicrobial agents are incorporated is also completed on our behalf by third party manufacturers in the United States and in China.

Epurair manufactures its Epurair™ line of products at its facility in McMasterville, Quebec. Since August 2010, the Corporation rents a facility in Boucherville where all Epurair's activities will be transferred, together with the commercialization and the cleaning of the filters incorporating antimicrobial agents.

Our line of sanitizer products is produced and bottled on our behalf by third-party manufacturers in Quebec.

Our real-time portable scanners are developed and assembled at ECM's manufacturing facility in Angoulême, France.

Third-party manufacturers produce several medical equipments for which Noveko Algérie acts only as distributor.

In the short term, we do not anticipate to modify our methods of production. However, additional third-party manufacturers may become involved in the manufacturing process depending on our growth requirements. Our long term strategy remains the licensing of our production activities to qualified third party manufacturers. To that end, we are pursuing discussions with various other parties aimed at further stimulating the development and commercialization of our patented antimicrobial filtration technologies, while also increasing their production more efficiently, notably by securing a closer presence to target markets.

Sales and Marketing

Our preferred business model remains the outsourcing of the distribution of our main products to independent distributors; however, for the time being, we do not exclude that we may commercialize directly these products in certain markets or territories. Accordingly, we always remain on the lookout for market opportunities to stimulate our products commercialization while also strengthening our direct marketing activities in strategic important areas. However, some distribution agreements have been recently reconsidered in view of the obtained results. We are continuing this review process to further stimulate the commercialization of our products for which sales have been lower than expected.

With respect to our air filters integrating antimicrobial agents within the fibers, other than those targeted at the farm market, their commercialization is only at the start-up stage, thus requiring us to be more directly involved. We have however signed an agreement with Bombardier Transportation, to develop air filtration solutions for the rail transportation industry. Please refer to the *Railway Transportation* subsection for more details.

Epurair's products are distributed in Canada, the USA and France.

Our subsidiaries Noveko Algérie, Noveko Taiwan, Noveko Beijing, and Noveko Trading expand our proprietary distribution and sales capabilities and participate in our market development efforts.

Intellectual Property

We rely on various intellectual property protections, including confidentiality agreements, patents, trademarks, copyrights, and trade secret laws, to preserve our intellectual property rights. We have obtained or applied for trademark registrations and patents in Canada and in several foreign jurisdictions. See the section *Introduction to our antimicrobial technology* for more information.

When using distributors for the commercialization of our products, we grant them licenses to use our appropriate trademarks for such distribution, but we retain all our intellectual property rights at all times.

All our employees or independent contractors developing products on our behalf are required to assign all their intellectual property rights, if any, to our benefit.

The following table lists all our current patents and pending patent applications:

Country	Patent Number (Pending Patent Application Number)	Patent's Expiry Date
Bactericidal After-Filter Device		
Canada	2,406,900	2022-10-22
Microbicidal Air Filter		
Canada	2,525,408	2023-06-06
USA	7,559,968	2021-11-08
PCT ¹⁻²	(PCT/CA2003/000858)	-- ³
Eurasia	008900	2023-06-06
Taiwan	1-291366	2023-08-10
India	235349	2023-06-06
Mexico	271912	2023-06-06
Microbicidal Air Filter		
Canada	(2,551,701)	
USA	7,044,993 and 7,044,993C1	2021-11-08
PCT ¹⁻²	PCT/CA2006/001092	-- ³
Eurasia	012355	2026-06-30
South Korea	10-0956032	2026-06-30
Antimicrobial compositions and fibres incorporating the same		
PCT ¹⁻²	(PCT/CA2008/001550)	-- ³
Fibrous filter material having antimicrobial properties		
Taiwan	(097133382)	
Natural tourmaline anion fiber and filter and its producing method		
Taiwan	I292444	2024-09-23
USA	(11/416,155)	
USA	(12/693,610)	
Wave-rolled filter screen		
Taiwan	M320431	2017-03-08
Multi-functional and self purification shoes material for health		
Taiwan	M325000	2017-02-08
China	ZL 2007 2 0103806.9	2017-03-12
PCT ¹⁻²	(PCT/CN2008/070464)	-- ³
Functional fiber, its preparing process and fabric made from said fiber		
Taiwan	(96142089)	
PCT ¹⁻²	(PCT/CN2007/003152)	-- ³
Imitation natural plant fiber, its preparing process and fabric made from said fiber		
Taiwan	(96142093)	
PCT ¹⁻²	(PCT/CN2007/003339)	-- ³

Country	Patent Number (Pending Patent Application Number)	Patent's Expiry Date
3-D filter		
Taiwan	M26031	2014-09-23
Structural improvement of net materials		
Taiwan	M30744	2016-07-13
Functional self-purification isolation net for health		
Taiwan	M312355	2016-10-19
Multi-functional and self-purification sit or sleep cushion for health		
Taiwan	M320337	2017-03-08
Wave-rolled filter screen and its preparing process		
Taiwan	(97119635)	
Web-like fabric and its preparing process		
Taiwan	(97119634)	
PCT ¹⁻⁴	(PCT/CN2008/071148)	-- ³
Wave-rolled filter screen		
Taiwan	(97119633)	
Multi-functional and self-purification shoes cushion for health		
China	ZL 2007 2 0170026.6	2017-08-02

1. Under the Patent Cooperation Treaty ("PCT"), it is possible to seek protection for an invention simultaneously in each of a large number of countries by filing an "international" patent application that allows the applicant, among others, to wait between 18 to 31 months, as the case may be, before entering into national phase, i.e. electing countries in which seeking protection, while benefiting from the same priority date as the initial filed PCT application.
2. Patent applications in PCT's national phase for various countries.
3. A patent application filed under PCT will not result in an international patent and expiry date will only be relevant in a specific jurisdiction where a patent is granted.
4. Not entered into PCT's national phase yet.

Employees

As at June 30, 2010, we had 153 employees on a permanent basis, being 41 in production and logistics, 40 in sales and marketing, 18 in finance and accounting, 8 in R&D, 20 in administration and 32 in BLI (all employees of BLI in the same category). We do not have unionized employees.

Competition

Air Filtration Products

According to a study published in November 2009 by The Freedonia Group, Inc. and titled World Filters, the worldwide market for air filters represented in 2008 more than \$11.6 billions in sales and is expected to have an annual growth of 5.8% for the next 5 years. The global trend toward more severe environmental regulation and the increase of governmental and consumer preoccupations for air quality should increase the demand for many air filtration products, especially those with added value for air purification

Worldwide, there are thousands of air filters manufacturers. Even if there are large enterprises operating worldwide with substantial financial resources, the air filters market remains fragmented.

While barriers to entry are relatively high for some specialized filtration products, they are relatively low in other markets, including HVAC systems. In these markets, to have competitive strategies are even more crucial, especially because our air filtration products are new on the market in which we are competing with corporations having substantially more resources and brand equity than us, as well as mature network distribution.

In that context, in order to maximize our chances of successfully commercializing our products, we prefer a strategy primarily based both on product differentiation and market segmentation. Our innovative patented antimicrobial filtration technology combined with the advantages of Purer Life's 3-D weaving technology allows us to offer a differentiated and innovative proposal in different markets with high potential. Thus, our filters incorporating our Noveko™ patented antimicrobial filtration technologies are made of synthetic fibers offering a perfect seal and an excellent resistance to temperature and humidity variations. Their superior filtration effectiveness also enables users to achieve ventilation systems related energy savings. Thanks to their greater durability and the fact that they are entirely washable and recyclable, the number of filters and the costs associated with their replacement are reduced considerably, making them a first-class environmental solution. These economical and ecological characteristics of our filtration solutions are highly prized by several industries.

The first example of our differentiation strategy aimed at a niche market can be found in our air filters and products developed and commercialized for the swine market. We continue to develop and provide filtration solutions to value-added markets while targeting their specific needs, especially those who base their purchase decision on a product consistent with their sustainable development strategy and enable them to address their concerns about the air quality. In this context, we focus particularly on the transportation industry, including rail transportation, and building market, including health facilities, commercial multifunctional and residential buildings.

There are many manufacturers of air quality products for the residential market similar to those manufactured by Epurair. Some of those similar products are manufactured by large corporations with substantially more resources than us. However, and although Epurair does not hold any patents for its products, we believe that integrating Noveko's air filtration technologies to its products, will enable Epurair to offer a differentiated product with added value.

Antimicrobial Surgical Masks and Respirators

According to a study published in August 2009 by The Freedonia Group, Inc. and titled *Infection Prevention Products and Services to 2013*, the US market for masks represented in 2008 more than \$905 millions in sales, being approximately 35% of the world market. These sales are aimed mostly at the healthcare market, with a small portion of about 1% to the retail market. The vast majority of these surgical masks and respirators sold worldwide present no antimicrobial properties. These surgical masks and respirators only stop more or less effectively pathogenic agents on their surface.

The marketing of our antimicrobial surgical masks and respirators is still at its beginning and consequently they are not yet generally known worldwide. However, we believe that the increased governmental, institutional and general public's awareness about the risks of infections and pandemics should accelerate the global demand for surgical masks and respirators, especially antimicrobial ones.

However, as for any other new commercialized products, distributors, governmental entities, the healthcare sector, and potential users have to be convinced that the higher protection offered by our antimicrobial surgical masks and respirators outweighs the associated purchase price premium. In addition, the fact the institutional purchasers usually select surgical masks and respirators marketed by a few multinational corporations or might have already entered into supply agreements with them might also represent a barrier to the commercialization of our products.

Competition in the antimicrobial mask market is currently limited to a small number of companies which are of a smaller size than those operating in the conventional mask market. The fact that our antimicrobial agents are incorporated directly into the polypropylene fibers is a key differentiating feature of our masks preventing the antimicrobial agents to be released from the fibers and increasing the resilience and longevity of the antimicrobial function. There are currently a few other manufacturing processes like soaking of masks into, or coating with, an antibacterial solution. However, we believe that our manufacturing process is safer, more efficient and less costly than those. In addition, we are confident that our patents and patent applications sufficiently protect us from the unauthorized use of our technology by third parties. However,

we cannot guarantee that it will be the case. Finally, the current producers of standard surgical masks, some of which are multinationals with substantially more resources than us, may be considered as competitors to Noveko even though the surgical masks they produce do not inactivate bacteria. See the Risks Factors section.

Sanitizers

In the USA, the demand for disinfectants represented a market of nearly US\$2.5 billion in 2008, approximately 38% of global demand. It was also estimated that the hand sanitizers were representing about 39% of the demands for disinfectants in the USA. About 90% of this demand comes from the healthcare market, while retail sales account for only 10%. There are many manufacturers of sanitizer products similar to those commercialized by Noveko, some of which are multinationals with substantially more resources than us. No patent has been granted for our sanitizers products. However, we believe that increased awareness of governments, institutions and the public about the importance of maintaining healthy hand hygiene, and the efforts of the health-care sector to reduce infections and spread of virus and bacteria should stimulate the demand for such products.

Ultrasound Scanners

The competition in the scanner market varies depending on the sector. In the animal sector, ECM commercializes the largest range of portable ultrasound scanners, making it one of the leaders in the market. Competition comes mainly from medium-sized businesses, especially Chinese companies. In the human medicine, competition is fiercer and comes from multinational companies. We believe however that the new line of ultrasound scanners for human medicine will allow ECM to offer a more complete line of products answering various clinical applications which could facilitate its penetration in the human medicine market.

Operations and Facilities

Our head office is located in Montreal, Quebec. We rent this office where we maintain our finance and corporate management teams. We own a building in Terrebonne, Quebec occupied by Noveko where are housed its warehouse and sales and marketing team. As mentioned under *Name, Address and Incorporation*, in order to facilitate and optimize operations of both the Corporation and Noveko, we will regroup in December 2010 our head office and registered office and our office in Terrebonne at 1155 West René-Lévesque Blvd, Suite 1900, Montreal, Quebec H3V 4B2. Our building in Terrebonne has been put up for sale.

Epurair is moving progressively its manufacturing facilities from its buildings in McMasterville in more spacious rented facilities in Boucherville. This transfer should be completed at the end of November. The commercialization and cleaning of air filters will also be located in that facility in Boucherville. The McMasterville building has been put up for sale. BLI is the owner of its warehouse in Terrebonne, Quebec.

The manufacturing plant of Purer Life, as well as the offices of each of ECM (Angoulême, France), Noveko Trading (Luxembourg), Noveko Beijing (Beijing, China) and Noveko Algérie (Zéralda, Alger, Algeria) are all rented. Purer Life will move to a new rented manufacturing facility at the beginning of 2011.

RISKS FACTORS

An investment in our securities involves a high degree of risk and should be considered speculative due to the nature of our business and the businesses of our subsidiaries and their current respective stage of development. You should carefully consider the risks and uncertainties described below, as well as other information contained or incorporated by reference in this AIF, before making any decision to purchase or to sell any of our securities. The risks and uncertainties below are not the only ones we may face. Additional risks and uncertainties not presently known to us or that we believe immaterial could turn out to be material and may adversely affect our business. If any of the following risks occur, our business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our

Class A Shares could decline. The analysis provided below contains looking forward statements that may differ materially from future actual results.

Risks related to our financial condition

We have no record of profit

To date, we have not recorded a profit from operations. Our working capital is coming essentially from the sale of our securities. In fact, we have incurred significant losses to date and there can be no assurances that our future business activities will be profitable. Our ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including, our ability to further develop our technologies and products, the pace of entry of our products into their respective target markets, the intensity of the competition we will experience, and the availability of additional capital to pursue our business plan). An inability to generate sufficient funds from operations will have a materially adverse effect on the Corporation's business, results of operations and financial condition.

We will require additional financing

On September 23, 2010, we announced that we were proceeding with the 2010 Private Placement described under the *Subsequent Events* section. Even if we succeed in completing this private placement, we will likely, in the future need to raise additional funding in the future in order to sustain our growth. We may be unable to raise such additional funds on commercially reasonable terms. Our ability to arrange such financing in the future will depend on our business performance as well as prevailing capital markets conditions. If we are unable to raise additional funds when needed, the survival of our business will be jeopardized. Any equity financing may also be dilutive to existing shareholders.

Economic Risks

Economic conditions

An economic slowdown could result in a decrease in demand for our products. Growth in our customers' businesses is affected by the economic environment and could therefore impact the Corporation's results. During an economic slowdown, existing and potential customers may reduce or delay purchases or projects or defer contracts underway. This situation could also lead to greater delays and defaults in payments or debt collection, resulting in lower operating results. Increased competitive pressures during an economic downturn could also result in sales price decreases. Such factors may affect negatively our profitability.

Foreign exchange risk

We anticipate earning a significant portion of our revenues from operations outside Canada. Accordingly, a substantial portion of our revenues is earned in foreign currencies (mostly US dollars and Euro) while a substantial portion of our operating expenses is incurred in Canadian dollars. Fluctuations in the exchange rate between those foreign currencies and the Canadian dollar may have a material adverse effect on our results. In addition, we are exposed to unrealized exchange gains and losses with respect to the translation of monetary assets and liabilities held in currencies other than the Canadian dollar. Our actual largest exposure is with respect to the U.S. dollar.

We are doing business internationally

Our subsidiaries are located in Canada, Europe, North Africa, China and Taiwan. We market a large proportion of our products outside Canada and expect our sales in foreign markets to increase in the near future. These foreign operations require significant management attention and financial resources while additionally subjecting us to risks inherent in doing business internationally. International business activities entail inherent risks such as trade barriers, political risks, uncertainty as to the protection and use of intellectual property in foreign countries, increase in taxes (including value added taxes) and changes in law and policies affecting our operations. Our failure to properly comply or address any of the above factors could greatly mitigate the success of our international operations and have a material adverse effect on our operating performance and financial condition.

Members of our Group are doing intercorporate transactions

We conduct business operations between members of our Group, and sometimes, in various jurisdictions. Certain members of our Group provide products and services to, and may from time to time undertake certain significant transactions with other members. Our future income and cash may be adversely affected if any of the taxation authorities in these various jurisdictions were successful in challenging our transfer pricing policies.

Other tax issues

Although we are of the view that all expenses and tax credits claimed by us, including research and development expenses and tax credits, are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian or foreign taxation authorities will be in agreement with us. If these taxation authorities successfully challenge the deductibility of our expenses or the correctness of income tax credits claimed, our operating results could be adversely affected. We may, directly or indirectly, through our subsidiaries, be subject to taxes with respect to our operations in foreign jurisdictions. Although we are of the view that our books and registers as well as our financial statements reflect adequately our liabilities with respect to such foreign taxes, these foreign jurisdictions could however challenge our liabilities for such foreign taxes, which could adversely affect our operating results.

Business Risks**Disclosure controls and procedures and internal controls over financial reporting**

The Corporation's management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). In our 2010 Annual MD&A, section 6 Disclosure Controls and Procedures and Internal Control over Financial Reporting, the management identified material weaknesses in connection with its DC&P and ICFR and concluded that such DC&P and ICFR are not efficient. However, even if the DC&P and ICFR material weaknesses that the management identified did not result in adjustments to our annual or any interim consolidated financial statements for the fiscal years ended June 30, 2010 and 2009, the weaknesses so identified constitute risk factors the reader should be aware of. The reader should refer to our 2010 Annual MD&A that is incorporated by reference into this AIF.

Risks related to the ability to meet demand for antimicrobial masks and respirators and air filters products

The global market for antimicrobial surgical masks and respirators, and air filters holds significant potential that we intend to further develop considering the advantages related to our products' antimicrobial properties in a context of epidemic and pandemic threat. We have entered into different strategic alliances for the production and marketing of our products. We are actively pursuing initiatives to build up a reliable antimicrobial surgical mask and respirators and air filters production and distribution capacity in order to meet demand. However, we have just started operating in this field and there are risks that we could be unable to meet the entire demand due, in case of epidemic or pandemic, to a lack of production or distribution capacity or due to regulatory issues.

Our capacity to protect our intellectual property

The success of the Group will depend, to a certain extent, upon our ability to protect our core technologies and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, trade secrets, trademarks, and copyrights, as well as customary contractual protections. A list of our various patents and pending patents are included in the section Intellectual Property. We do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow or amend our claims. Any patents granted to us may be contested, circumvented or invalidated over the course of our business, and we may not be able to prevent third parties from infringing these patents. Enforcing our intellectual property rights could cause us to incur substantial legal costs, distract our management from running our business, cause significant delays in the commercialization of our products. The outcome of any litigation or negotiation is unpredictable. Infringements may occur in jurisdictions where intellectual property rights are not protected as well as in North America. Therefore, the exact effect of the protection of these patents cannot be predicted with certainty. We could also face competition in jurisdictions where patents have not been yet granted to us.

We may also become subject to claims by third parties that we infringe their intellectual property rights. Any such claim of infringement, even those without merit, could involve the same consequences than those occasioned to protect our own intellectual property.

We also rely on trade secrets and know-how, which are not protected by patents. We try to protect this information by entering into confidentiality undertakings with parties that have access to it, such as our current and prospective third party product manufacturers, distributors, employees and consultants. Any of these parties may breach the undertakings and disclose our confidential information. Enforcing a claim that a third party illegally obtained our trade secrets or is using them, is difficult, expensive, time consuming and the outcome is unpredictable.

We believe that our antimicrobial filtration technology used in our antimicrobial surgical masks and respirators, and in some of our air filter products, have unique features. Our antimicrobial filtration technology is protected by various patents and pending patents applications. As mentioned under *Introduction to our antimicrobial technology*, one of our patents has already been revised by the USPTO further to an anonymous request for an Ex Parte Reexamination. Our patent has been maintained but we cannot guarantee that such patent (or our other patents and pending patents) will not be contested again at the administrative level or before the Courts.

There are currently a few other manufacturing processes to make masks antibacterial, like soaking of masks into, or coating with, an antibacterial solution. However, we believe that our manufacturing process is more efficient and less costly than these other processes. In Noveko's proprietary manufacturing process, the chemical agents that inactivate bacteria and viruses are impregnated or molecularly bounded into the fibers. Other manufacturing processes for which chemical agents are not impregnated or molecularly bounded could be hazardous if the chemical agents are released in the air and immediate environment and could have a shorter lifespan than our products if the chemical compounds evaporate.

Several of our products are strictly regulated

Several of our products are regulated as medical devices (masks, ultrasound scanners), as natural health products, cosmetic or as drug (sanitizer products, depending upon the jurisdiction) or otherwise regulated because some of them contain antimicrobial or chemical agents. Therefore, you should be aware of the risks, problems, delays, expenses and difficulties we may encounter in light of the extensive regulatory environment within which our business is carried out. Regulations are not the same in the several jurisdictions where we market or intend to market our products, which constitutes a further difficulty. Such regulations govern, among others, approval of manufacturing facilities, conditions applicable to the manufacturing processes, the procedures that may be required for testing the effectiveness or the safety of our products, or labeling and promotional materials requirements. This regulatory oversight also requires a strict adherence to applicable GMP (good manufacturing practices) and ISO standards. To obtain the required regulatory approvals is a lengthy, expensive and uncertain process. Any failure or delay in obtaining regulatory approvals could have a material adverse effect on our business, results and financial condition. Furthermore, product approvals may be withdrawn or not renewed if compliance with regulatory standards is not maintained or if conditions attached to these approvals are not fulfilled.

Our products integrating antimicrobial agents may not be accepted by the potential customers

Our antimicrobial surgical masks and respirators and air filters are new to the market. While we believe that our products provide significant advantages over the competition, there can be no assurance that we will be successful in commercializing them, especially as many competitors have substantially greater financial resource than ours. Potential lack of customers or delays in product acceptance would have a material adverse effect on our business, results and financial condition.

Supplier dependency for chemical compounds

We depend on a few numbers of suppliers to provide us with the various components entering into our products. It is particularly important to maintain consistency in the chemical compounds used in our mask and respirator manufacturing. Changing the chemical compounds could require re-validation of their properties.

Raw material costs

Raw materials represent a significant input into our manufacturing process. Although a wide variety of raw materials is used by our subsidiaries, polypropylene, polyethylene and some chemical additives are the main raw materials with respect to our surgical masks, respirators and filters. Polypropylene prices are correlated, among other things, to crude oil prices and polymer manufacturing capacity and demand.

Significant increases in raw material prices could have a material adverse effect on our results and financial condition although our competitors will be affected similarly.

Air filtration products

Even if we consider that the combination of our antimicrobial filtration technology to Purer's 3-D weaving technology allows us to offer a market proposal with significant advantages over the competition, our air filtration products are new on the market, and we are competing with corporations having substantially more resources than ours to commercialize their products. In order to penetrate this huge market, our strategy consists of developing and commercializing air filters designed for specific applications, as the air filters we intended for the swine market or our filtration solutions intended for office buildings, healthcare institution and multifunctional buildings. However, we can not guarantee that we will be able to penetrate these markets in a significant way.

There are many air quality products for the residential market similar to those produced by Epurair. Some of those similar products are manufactured by large corporations with substantially more resources than ours. Epurair holds no patents for its products.

Sanitizer products

There are manufacturers of sanitizer products similar to those commercialized by Noveko, some of which are multinationals with substantially more resources than ours. No patent has been granted to Noveko for its sanitizing products.

Risks related to ultrasound scanners

Worldwide, there are numerous manufacturers of ultrasound scanners, some of which are multinationals with substantially more resources than ours. However, in the animal sector, these large corporations do not currently operate in ECM's niches and their products do not offer the same features as ECM's scanners, such as portability, individual standby power supply and competitive prices. That situation may change in the future. Several smaller-scale entities offer products with similar features to ECM's, particularly Chinese companies, and, as such, represent potential competitors in the various markets in which ECM is present. In the human sector, a new market for ECM, we are facing fierce competition from multinationals. In response to that competitive environment, we have adopted a highly selective market strategy, steadily improving our products' properties, minimizing manufacturing costs to offer competitively priced products. The market has not yet recognized the full potential of portable ultrasound scanners, mainly for the equine and pets sector. Our capacity to make known their features will be crucial for the growth of that sector.

Risks related to steel product processing operations

Our subsidiary BLI is involved in the steel industry, which is subject to regular price fluctuations caused by supply and demand trends and to the economic situation in general.

BLI occupies a small niche in Canada, being the custom processing and distribution of steel products based on client specifications and designs. BLI has numerous competitors in that field. But, few others Canadian companies are as equipped as BLI to transform steel in a finished product, or are as self-sufficient in regard with steel cutting and machining. However, the reader should be aware that as BLI's activities are no longer strategic to our Group's growth, we are pursuing our efforts to divest BLI. Consequently, BLI's operations have been treated as discontinued in our 2010 and 2009 Annual MD&A and accompanying financial statements. No guarantee can be provided that the sale of BLI will be completed on a short time basis or at favorable conditions for the Corporation.

We depend upon senior management and key personnel

The management of the Group is assured by a small number of key employees and the departure of any one of these employees could have an adverse impact on our activities. However, we partially offset such risk by recruiting several employees with experience in our various business components.

To ensure our success, management and key personnel must have sound knowledge of our products, our customers and of the markets where we are involved in. Given the current economic background, we must be able to retain our key personnel and attract new employees in order to continue growing. Our personnel are currently spread across the world through our subsidiaries. Such decentralization of human capital presents advantages but also disadvantages. Such disadvantages constitute additional risks, especially, in connection with the successful operations of our business when concerted efforts are necessary.

The labor market being highly competitive, we may not be able to hire and retain the required employees, which could have a material adverse effect on our business, results and financial condition.

Risk of legal proceedings

In the normal course of business, the Corporation could be subject to lawsuits, claims and litigation for amounts superior to our liability insurance. As of June 30, 2010, an ex-employee of Noveko was suing the Corporation, Noveko and Magnum claiming an amount of \$101,539, plus \$10,000 as exemplary damages, for illegal termination of his employment. Even though the Corporation considers this suit as being unfounded, no guarantee can be provided that a judge will not decide otherwise. No date of hearing has been determined yet.

Capacity to identify and complete strategic acquisitions that will contribute to future growth

Even though the Corporation does not consider, in the short term, proceed with an acquisition, in the long term or even before if the appropriate circumstances are met, we might have to proceed with strategic acquisitions to ensure our future growth. However, we may be unable to: (i) identify suitable acquisition targets available for sale at reasonable prices; (ii) properly evaluate the fair value of the target businesses or; (iii) complete any acquisition in a given timeframe. In addition, if we proceed with acquisitions, available cash may be used to complete such transactions, diminishing our liquidity and capital resources, or share may be issued which could cause significant dilution to our existing shareholders. Furthermore, identifying acquisitions and the completion of acquisitions per se, could divert management's attention and use significant financial resources that may negatively affect our business, operating results and financial situation.

Conflict of interests

Our directors and executive officers as a group, beneficially own, directly or indirectly, or exercise control or direction over 23,980,350 Class A Shares or approximately 31.6% of the issued and outstanding Class A Shares of the Corporation. Conflicts may arise between such individual interests as members of the Board of Directors or as members of the management team and their respective interests as shareholders. Such conflicts could arise, for instance, with respect to the setting of their respective remuneration, the granting of options and similar matters. However, our directors and officers have the legal duty to act in the best interests of the Corporation.

Risks Related to Our Securities**There may be volatility in our Class A Shares**

The market price for our Class A Shares have been and could be subject to wide fluctuations. For instance, for the financial year ended June 30, 2010, the market price of our Class A Shares fluctuated from a high of \$2.09 to a low of \$0.45 (closing trading price on June 30, 2010: \$0.76). Factors such as announcements of our annual and quarterly results and financial position, delays incurred in the approval of our regulated products, difficulty to penetrate certain markets, or failure to meet market expectations may adversely affect the market price of our Class A Shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have been unrelated to any specific corporate operating performance.

There may be dilution in our Class A Shares

There are currently several outstanding types of securities convertible into Class A Shares, namely: stock options granted under the Old and New Plan, warrants and options granted to the Agents to purchase Units in connection with the 2009 Private Placement and warrants granted to Maxim pursuant to a Service Agreement. During the life of these convertible securities, their respective holders are given the opportunity to exercise those securities and to profit from a rise in the market price of the Class A Shares with a resulting dilution in the interest of existing shareholders. In addition, as referred to before, we may need to raise additional funds through public or private equity financing. Any equity financing may also be dilutive to existing shareholders.

The increase in the number of Class A Shares in the market resulting from the exercise of convertible securities, the possibility of sale of such shares, and the possibility of public or private equity financings may have a depressive effect on the market price of the Class A Shares. In addition, as a result of additional Class A Shares being issued, voting power of the Corporation's existing shareholders will decrease proportionately.

DIVIDENDS

We have not declared or paid any cash dividends on our Class A Shares to date, and we do not currently intend to pay any dividends on our Class A Shares in the foreseeable future. Our current policy is to retain earnings to finance expansion and to reinvest available cash, if any, in the Corporation. The Board of Directors will determine if dividends should be declared and paid in the future based on all relevant circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

We are authorized to issue an unlimited number of Class A Shares, Class B Shares, and Class C Shares, all without par value. On June 30, 2010, a total number of 75,925,912 Class A Shares were issued and outstanding and a maximum additional number of 12,998,790 Class A Shares could also be issued under outstanding options, options to purchase units, and warrants.

As at September 27, 2010, a total number of 75,925,912 Class A Shares were issued and outstanding and a maximum of 12,143,790 Class A Shares could also be issued under outstanding options and warrants.

Class A Shares

The holders of the Class A Shares are entitled to receive notice and to attend all annual and special meetings of shareholders and to one vote in respect of each Class A Share held at all such meetings. Subject to the priority rights of the holders of the Class B Shares and Class C Shares, the holders of the Class A Shares are entitled, at the discretion of the Board of Directors, to receive out of our profits or surplus available for the payment of dividends, any dividends declared by the Board of Directors. Subject to the priority rights of the holders of the Class B Shares and Class C Shares, the holders of the Class A Shares will participate in the distribution of our assets upon our liquidation, winding-up or dissolution.

Class B Shares

The Class B Shares (none of which are currently issued) may be issued in one or more series as may be determined by our Board of Directors that also fixes, subject to the rights, privileges, conditions, and restrictions (collectively the "rights and restrictions") of the other classes of shares and to all series already issued, the number and the designation of, and the rights and restrictions attached to the Class B Shares of each series.

Class B Shares are non-voting, except, as the case may be, in accordance with the rights and restrictions of any Class B Shares of any series in which case each series must have the same right to vote and the same restrictions to vote. Class B Shares rank prior to the Class A Shares and Class C Shares with respect to the payment of dividends and the distribution of assets. They are entitling their holders to receive if and when declared by the Board of Directors, to non-participating dividends equal to the Bank of Canada's prime rate plus variable rates varying from 0% to 5% of issuance value, cumulative or non-cumulative, at the Board of Director's discretion. In the event of a liquidation, dissolution or winding-up, the holders of Class B Shares are entitled to receive, the amount of stated capital of such shares plus, in the case of series with cumulative dividends, any accrued but unpaid dividends, or in the case of series with non-cumulative dividends, any declared but unpaid dividends, and, in both cases, to any other amount to which they are entitled as fixed at the time of their respective creation.

Class B Shares are redeemable at the option of the Corporation at an amount equal to the consideration received at issuance plus any declared but unpaid dividend.

Class C Shares

The Class C Shares (none of which are currently issued) may be issued at any time and from time to time in one or more series as may be determined by our Board of Directors that also fixes, subject to the rights and restrictions (collectively the "rights and restrictions") of the other classes of shares and to all series already

issued, the number and the designation of, and the rights and restrictions attached to the Class C Shares of each series.

Class C Shares are non-voting, except, as the case may be, in accordance with the rights and restrictions of any Class C Shares of any series in which case each series must have the same right to vote and the same restrictions to vote. Subject to the right of the Class B Shares, the Class C Shares rank prior to the Class A Shares with respect to the payment of dividends and the distribution of assets. Subject to the right of the Class B Shares, Class C Shares are entitling their holders to receive if and when declared by the Board of Directors, to non-participating dividends equal to the Bank of Canada's prime rate plus variable rates varying from 0% to 5% of issuance value, cumulative or non-cumulative, at the Board of Director's discretion. Subject to the right of the Class B Shares, holders of Class C Shares are entitled to receive, in the event of a liquidation, dissolution or winding-up, the amount of stated capital of such shares plus, in the case of series with cumulative dividends, any accrued but unpaid dividends, or in the case of series with non-cumulative dividends, any declared but unpaid dividends, and, in both cases, to any other amount to which they are entitled as fixed at the time of their respective creation.

Class C Shares are redeemable at the option of the Corporation at an amount equal to the consideration received at issuance plus any declared but unpaid dividend.

The foregoing is a summary only of the rights and restrictions pertaining to Class A, B and C Shares. For a full description of these rights and restrictions, the reader should refer to the constating documents available on the SEDAR Website.

Options

As of June 30, 2010, options to subscribe a total number of 6,079,934 Class A Shares were outstanding pursuant to the Stock Option Plan of the Corporation adopted on September 27, 1983, as amended from time to time (the "Old Plan"). As of the same date, options to subscribe a total number of 2,025,000 Class A Shares were outstanding pursuant the new Stock Option Plan adopted on December 16, 2008 (the "New Plan"). Options are subject to a vesting period extending over 18 months for those granted under the Old Plan and extending over 30 months for those granted under the New Plan (except for those granted under the New Plan to consultants which will be vested over a period of one year). The exercise price for each such option is the closing price of the trading immediately prior to the date at which the Board of Directors grants such option (except, under the New Plan, if less than 100,000 Class A Shares were traded on that date, in which case, the exercise price is equal to the weighted average closing trading price over a period of five business days in which Class A Shares have been traded preceding the date of the grant). The options are exercisable, under the Old and New Plan, for a maximum period of five years from the date of the grant.

Warrants

In connection with the 2009 Private Placement, we have issued, a total number of 7,156,000 units, each unit being comprised of one (1) Class A Share and one-half warrant (each entire warrant, a "Warrant"), being a total of 7,156,000 Class A Shares and of 3,578,000 Warrants. Each Warrant entitled its holder to subscribe to one Class A Share, at a price of \$3.00 per share, for a period of 36 months ending October 8, 2012, subject to an acceleration clause described hereunder. No such Warrant has been exercised yet. These options are not part of the Old or New Plans.

Should the Corporation's Class A Shares trade at a price per share equal to or higher than \$4.50 computed on a weighted average basis during a period of 20 consecutive business days on the Toronto Stock Exchange, the Corporation may decrease the exercise period to a period of 30 days, after which the Warrants will be no longer exercisable.

In connection with the 2009 Private Placement, the Corporation has granted to the Agents options to purchase a total number of 490,571 Units, at a weighted average price of \$2.58 per unit, such units representing a total number of 490,571 Class A Shares and 245,285 Warrants. Such Warrants will be, if any, exercisable on the same terms and conditions as those of the 2009 Private Placement.

On May 12, 2010, 300,000 warrants were granted to Maxim, an American investment bank whose services were notably retained to enhance our visibility in the US financial community and thereby favor our access to

a larger group of investors. Subject to a mandatory hold period of six months and one day, these warrants entitle the holder to purchase 300,000 Class A Shares at an exercise price of \$1.00 per share. They will expire on May 12, 2013. None of these warrants has been exercised as of this date.

MARKET FOR OUR SECURITIES

Our Class A Shares are listed and traded on the Toronto Stock Exchange since July 28, 2008 under the symbol “EKO”. Prior to that date, our Class A Shares were listed on the TSX Venture Exchange under the same symbol.

The following table sets forth the price range per share and trading volume for the Class A Shares for the fiscal year ended June 30, 2010.

Class A Voting Shares

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Trading Volume</u>
July 2009	2.18	1.11	2,308,600
August 2009	3.09	1.45	5,395,100
September 2009	2.80	1.99	4,766,800
October 2009	2.72	1.88	4,914,300
November 2009	2.95	1.84	7,337,000
December 2009	2.29	1.81	2,508,900
January 2010	1.93	1.45	2,734,600
February 2010	1.67	0.98	3,900,300
March 2010	1.69	1.27	2,072,900
April 2010	1.42	1.03	3,289,900
May 2010	1.18	0.64	3,710,700
June 2010	0.84	0.45	3,507,000

DIRECTORS AND OFFICERS

You will find below a list of the current members of our Board of Directors and our current executive officers. You will find additional information regarding our directors in the “Election of Directors” section in our Management Proxy Circular that will be distributed to our shareholders in connection with our annual and special meeting of shareholders to be held on December 14, 2010 (the “2010 Management Information Circular” and the “Next Meeting”). The names, municipality of residence, the position held by in the Corporation and the principal occupation for the past five years of each director and each executive officer and the Class A Shares held by each of them is included. The term of office for each director is until the end of the Next Meeting.

Name, residence and position with the Corporation	Principal occupation during the last five years	Director since	Class A Shares beneficially owned or over which control or direction was exercised as at June 30, 2010
Leon Assayag, C.A. Montreal, Quebec Director Chairman of the Audit Committee	Mr. Assayag is Chief Financial Officer of KUR Concepts Inc. since September 2009. From October 2008 to August 2009, he was Chief Financial officer of ACASS Canada Ltd, and from January 2007 to May 2008, Chief Financial Officer of ICP Solar Technologies Inc. He was Vice-President, Finance and Administration of the Corporation from January 27, 2004 to December 2006 and of Noveko from December 2002 to December 2006.	01/27/2004	234,500 ⁽¹⁾
Alain Bolduc Rosemère, Quebec President and COO Director	Mr. Bolduc is President and Chief Operating Officer of the Corporation since March 27, 2008. From April 2006 to March 27, 2008, he was Vice-President, Business Development and Industrial Division of the Corporation. He is also, since December 1999, the President of BLI.	04/28/2006	8,214,600 ⁽²⁾
Chien-Yeh (Gary) Chen Taipeh, Taiwan Vice-President, Business Development	Mr. Chen is Vice-President, Business development since August 2008. From 1988 to June 2009, he was President of Unitam.	N/A	150,000 ⁽³⁾
Patrice Emery St-Martial-de-Viveyrols, France Director	Mr. Emery is President of ECM (formerly S.A.S. Echo Control) since 1985.	12/12/2004	1,785,500 ⁽⁴⁾
Alain Falardeau Beaconsfield, Quebec Vice-President, Legal Affairs	Mr. Falardeau is Vice-President, Legal Affairs of the Corporation since July 2008. From 1984 to July 2008, he was practicing law with Marchand, Melançon, Forget, LLP.	N/A	15,000 ⁽⁵⁾
Eric Favreau Montreal, Quebec Vice-President and CFO	Mr. Favreau is Vice-President and Chief Financial Officer of the Corporation since September 2008. From September 2006 to September 2008, he was Vice-President and Chief Financial Officer of Eloda Corporation, from November 2005 to September 2006, Interim CFO of Positron Networks PNI Inc., and from March 2005 to November 2005, he was a partner of NanoVenture LLP, an investment fund.	N/A	- ⁽⁶⁾
Jacques Girard St-Lambert, Quebec Director President of the Governance Committee and member of the Compensation Committee	Mr. Girard is Chairman of the Board of Directors of International Financial Centres Organization of Montreal since 1996 and is also currently serving as Acting Chief Executive Officer. He is also currently Executive Coach with CDC Coaching. M. Girard was also, from 1996 to 2004, Chairman of the Board of Director of Domtar Inc.	16/12/2008	4,000 ⁽⁷⁾

Name, residence and position with the Corporation	Principal occupation during the last five years	Director since	Class A Shares beneficially owned or over which control or direction was exercised as at June 30, 2010
Pierre Marc Johnson Montreal, Quebec Director Member of the Governance Committee	Since 1996, Mr. Johnson is counsel to the offices of the Canadian law firm Heenan Blaikie LLP. Mr. Johnson became Québec's Premier in 1985 and, from December 1985 to November 1987, Leader of the Opposition.	06/18/2008	- ⁽⁸⁾
André Leroux Longueuil, Quebec Chairman of the Board and CEO Director Member of the Compensation Committee	Mr. Leroux is Chairman of the Board and Chief Executive Officer of the Corporation. From January 27, 2004 to March 27, 2007, he was President and Chief Executive Officer of the Corporation. From September 2002 to January 2008, he was President of Novoko Inc.; now, he is its Chairman of the Board and CEO.	01/27/2004	12,864,500 ⁽⁹⁾
Valérie Leroux Terrebonne, Quebec Vice-President, Corporate Affairs and Corporate Secretary	Ms. Leroux is Vice-President, Corporate Affairs and Corporate Secretary of the Corporation since December 2006. From March 2006 to December 2006, she was Director, Corporate Affairs of the Corporation. From May 2002 to February 2006, she was practicing law with Desjardins Ducharme LLP.	N/A	20,000 ⁽¹⁰⁾
Moïse Moghrabi Montreal, Quebec Director Chairman of the Compensation Committee and member of the Audit Committee	Mr. Moghrabi is partner of the law firm Moghrabi & Moghrabi since 1988.	11/27/1997	625,250 ⁽¹¹⁾
Jean-Guy Parent Longueuil, Quebec Vice-Chairman of the Board, Director Member of the Audit and Governance Committees	Mr. Parent is senior partner with Intercom Services Immobiliers since January 1, 1990.	01/27/2004	57,000 ⁽¹²⁾
Christiane Péloquin Montreal, Quebec Vice-President, Human Resources	Ms. Péloquin is Vice-President, Human resources of the Corporation since May 2009. From March 2009 to May 2009, she was Director, Human Resources of the Corporation. From 2006 to June 2009, she worked as a consultant offering human resources services to a wide variety of companies. From 2000 to 2006, she worked as Human Resources Director for Raymond Chabot Grant Thornton.	N/A	10,000 ⁽¹³⁾
Roxanne Rinfret Longueuil, Quebec Vice-President, Financial Accounting	Ms. Rinfret is Vice-President, Financial Accounting of the Corporation since August 2008, and was previously Director, Financial Reporting since September 2007. From 2004 to 2007, she was Senior Auditor at Harel Drouin – PKF, LLP.	N/A	- ⁽¹⁴⁾

(1) Without taking into account the 400,000 Class A Shares that may be issued pursuant to options he holds.

- (2) Without taking into account the 500,000 Class A Shares that may be issued pursuant to options he holds.
- (3) Without taking into account the 300,000 Class A Shares that may be issued pursuant to options he holds.
- (4) Without taking into account the 400,000 Class A Shares that may be issued pursuant to options he holds.
- (5) Without taking into account the 200,000 Class A Shares that may be issued pursuant to options he holds.
- (6) Without taking into account the 200,000 Class A Shares that may be issued pursuant to options he holds.
- (7) Without taking into account the 300,000 Class A Shares that may be issued pursuant to options he holds.
- (8) Without taking into account the 300,000 Class A Shares that may be issued pursuant to options he holds.
- (9) Held through an RRSP or through Gestion André Leroux Inc. Without taking into account the 500,000 Class A Shares that may be issued pursuant to options he holds.
- (10) Without taking into account the 200,000 Class A Shares that may be issued pursuant to options she holds.
- (11) Without taking into account the 300,000 Class A Shares and the 25,000 Class A Shares that may be issued pursuant to respectively options and warrants he holds.
- (12) Mr. Parent holds 50% of the shares of 9065-7842 Québec Inc. ("9065-7842"), a company that holds, as at June 30, 2009, 819,850 Class A Shares of the Corporation. Mr. Parent does not control 9065-7842 or the other 50% of the shares of 9065-7842. Consequently, these Class A Shares of the Corporation are not included in the total number of securities beneficially owned or over which he exercises control. Without taking into account the 400,000 Class A Shares that may be issued pursuant to options he holds.
- (13) Without taking into account the 25,000 Class A Shares that may be issued pursuant to options she holds.
- (14) Without taking into account the 200,000 Class A Shares that may be issued pursuant to options she holds.

Shareholdings of Directors and Executive Officers

To the knowledge of the Corporation, as at June 30, 2010, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 23,980,350 Class A Shares or approximately 31.6% of the issued and outstanding Class A Shares of the Corporation as at this date. No director or executive officer of the Corporation owns or controls voting securities of the Corporation's subsidiaries.

AUDIT COMMITTEE

The Audit Committee's Charter

Our Board of Directors has an Audit Committee for overseeing the accounting and financial reporting processes of the Corporation and the audits, made by its external auditors, of its financial statements.

The full written Charter of the Audit Committee that sets out its mandate and responsibilities appears as Schedule A to this AIF.

Composition of the Audit Committee

The members of the Audit Committee of the Corporation are Mr. Moïse Moghrabi, Mr. Jean-Guy Parent, and Mr. Leon Assayag. Mr. Assayag is the Chairman of this Committee. All members of the Audit Committee are independent members and are financially literate as such expression is defined in Instrument 52-110 – Audit Committees (the "MI 52-110"). Under MI 52-110, an individual is "financially literate" when he or she has 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 Corporation's financial statements.

Education and Relevant Experience

The education and related experience of each of the Audit Committee members relevant to the performance of their responsibilities as a member of the Audit Committee are set out below:

- (a) Mr. Leon Assayag is Chief Financial Officer of KUR Concepts Inc. since September 2009 and was Vice-President and Chief Financial Officer of ARCASS Canada Ltd from October 2008 to August 2009 and Chief Financial Officer of ICP Solar Technologies Inc. from January 2007 to May 2008. Mr. Assayag is a Director of the Corporation since January 27, 2004. He has served as Vice-President, Finance and Administration and as Secretary of the Corporation from January 2004 to December 2006. From December 2002 to December 2006, he served as Chief Financial Officer

and Secretary of Noveko Inc. A Chartered Accountant by profession, Mr. Assayag holds a B. Com and a Graduate Diploma in Public Accounting from McGill University.

- (b) Mr. Moïse Moghrabi is, since 1988, partner of the law firm Moghrabi & Moghrabi. He is director of the Corporation since November 27, 1997 and had been within the last seven years, director and member of the audit committees of Capital Pro-Egax Inc. (TSX Venture), Rutel Networks Corporation (TSX Venture), Pro-Veinor Resources Inc. (now Affinor Resources Inc.) (TSX Venture), and of Arca Explorations Inc. (now Uragold Bay Ressources Inc.) (TSX Venture).
- (c) Mr. Jean-Guy Parent is senior partner of Intercom Services Immobiliers since January 1st, 1990. He is director of the Corporation since January 27, 2004. He is also Vice-Chairman of the Corporation's Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended June 30, 2010 has the Corporation relied on the exemption provided under section 2.4 of MI 52-110 (*De minimis Non-audit Services*), section 3.2 (*Initial Public Offerings*), section 3.4 (*Events outside Control of Member*), 3.5 (*Death, Disability or resignation of Audit Committee Member*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110 (*Exemptions*).

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6 of MI 52-110

At no time since the commencement of the Corporation's financial year ended June 30, 2010, has the Corporation relied on the exemption provided under section 3.3(2) (*Controlled Companies*) of MI 52-110.

Reliance on Section 3.8 of MI 52-110

At no time since the commencement of the Corporation's financial year ended June 30, 2010, has the Corporation relied on section 3.8 (*Acquisition of Financial Literacy*) of MI 52-110.

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended June 30, 2010, has a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Corporation's Audit Committee has not adopted to date specific policies and procedures for the engagement of non-audit services.

External Auditor Services Fees

The aggregate fees billed by the Corporation's external auditors for each of the last two (2) fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
June 30, 2010	\$203,600	\$19,845	\$40,293	\$43,570
June 30, 2009	\$254,200	\$16,945	\$133,162	-

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as described below, to the best knowledge of the Corporation, no director or officer of the Corporation is, or has been within the past 10 years, a director, a chief executive officer or a chief financial officer of any company that, (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days that was issued after the director or officer ceased to act in that capacity which resulted from an event that occurred while that person was acting in that capacity.

Other than as described below, to the best of knowledge of the Corporation, no director or officer of the Corporation, or, shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a "control person") is, or has been within the past 10 years, a director or officer of any company that while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, 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.

Other than as described below, to the best of knowledge of the Corporation, no director, officer or control person of the Corporation has been subject to any penalties or sanctions imposed by a court relating to a Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any director, officer or control person of the Corporation been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Other than as described below, to the best of knowledge of the Corporation, no director, officer or control person of the Corporation, nor any personal holding company of any such person, has within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that individual.

Mr. André Leroux was President and director of Alliance Medical Inc. when it became bankrupt in 2002. Mr. Pierre Marc Johnson was director of Air Canada when it filed for protection under the *Companies' Creditor Arrangement Act* on August 1, 2003. Mr. Alain Falardeau made on March 2001 a proposal to his creditors under the *Bankruptcy and Insolvency Act*, which was fully performed as at March 2006. Mr. Moïse Moghrabi accepted to become a director of the Corporation in 1997 when the securities of the Corporation were under a cease trading order of the British Columbia Securities Commission (the "BCSC") since June 28, 1989 until the Corporation files the Required Records in accordance with the *Securities Act* (British Columbia). The BCSC revoked that order on October 25, 2001. These information have been provided by the directors or officers involved respectively.

On June 3, 2010, Magnum, a subsidiary of the Corporation, has made a voluntary assignment of its assets pursuant to the provisions of the *Bankruptcy and Insolvency Act*. As of the bankruptcy date, Mr. André Leroux, Chairman and Chief Executive Officer of the Corporation was also Chairman and Director of Magnum and Mr. Alain Bolduc, President and Chief Operating Officer of the Corporation was also director of Magnum.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

We are not aware, other than as set forth below, of any material interest, direct or indirect, of any director or executive officer of the Corporation or of any person that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Class A Shares or any associate or affiliate of any such persons in any transaction during the last three financial years, or in the current year, that has materially affected or would materially affect the Corporation during the current financial year, except for:

1. the acquisition by the Corporation during the year ended June 30, 2008, of a building, from BLT Capital, a company whose shares are held equally by three shareholders, including, Mr. André Leroux, Chairman of the Board and Chief Executive Officer of the Corporation and Mr. Alain Bolduc, President and Chief Operating Officer of the Corporation, at a purchase price of \$1,200,000 based on an independent valuation. This building was acquired by BLT Capital Inc. on February 15, 2007, at a price of \$850,000.
2. the sale by the Corporation of medical equipment for an amount of \$772,290 to SARL Noveko Algérie, an Algerian company which, during the year ended June 30, 2008 was held at 50% by Mr. Mourad Ramdame and by 50% by BLT Capital, a company whose shares are held equally by three individuals, including Mr. André Leroux, Chairman of the Board and Chief Executive Officer of the Corporation, Mr. Alain Bolduc, President and Chief Operating Officer of the Corporation and Mr. Jacques Tessier who was Vice-President, Chief Financial Officer of the Corporation during the financial year ended June 30, 2008. These transactions were concluded in the normal course of operations. On July 18, 2008, the Corporation acquired all the issued and outstanding shares of SARL Noveko Algérie. This acquisition was paid by the issue of 240,000 Class A Shares of the Corporation;
3. Finally, the Corporation is committed to pay to Gestion André Leroux Inc. a quarterly royalty that represents the lower of \$45,000 or 25% of consolidated cash flows from operating activities as long as working capital is at least \$6,000,000, up to a maximum amount of \$520,000. No amount was payable under such commitment for the last three financial years.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., at 1500, University Street, 7th Floor, Montreal, Quebec, H3A 3S8, and at 100, University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, is the transfer agent and registrar of the Class A Shares of the Corporation.

MATERIAL CONTRACTS

The Agency Agreements entered into in connection with the 2009 Private Placement may be found on the SEDAR Website at www.sedar.com.

EXPERTS

KPMG LLP, chartered accountants are the auditors that have audited our Consolidated Financial Statement for the year ended June 30, 2009. KPMG LLP, is considered independent from the Corporation in accordance with the Code of Ethics of the *Ordre des comptables agréés du Québec*.

ADDITIONAL INFORMATION

Copies of this Annual Information Form, as well as copies of the 2010 Annual MD&A, including Corporation's audited financial statements for the year ended June 30, 2010, the 2010 MD&A and the 2010 Management Proxy Circular and such other information and documentation that we make available via SEDAR or our website can be found at www.sedar.com or www.noveko.com. Certain of these information documents have been distributed to our shareholders in connection with our annual and special general meeting to be held December 14, 2009 and may be obtained from:

Noveko International Inc.
c/o Vice-President, Corporate Affairs
and Corporate Secretary
500, Place d'Armes, Suite 1600
Montreal, Quebec
H2Y 2W2
Tel.: (514) 875-0606
Facsimile: (514) 875-0660

Starting in December, 2010, our address will be:

1155 West, René-Lévesque Blvd
Suite 1900
Montreal, Quebec
H3V 4B2

We will provide to any person or company upon request to our Vice-President, Corporate Affairs and Corporate Secretary the following information:

(a) when our securities are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:

- i. one copy of this AIF, together with a copy of any document, or the pertinent pages of any document, incorporated by reference in this AIF;
- ii. one copy of our comparative consolidated financial statements for our most recently completed financial year for which financial statements have been filed together with the accompanying reports of our auditor and one copy of our most recent interim consolidated financial statements that have been filed, if any, for any period after the end of our most recently completed financial year;
- iii. one copy of our information circular in respect of our most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
- iv. one copy of any other documents that are incorporated by reference into the preliminary short form AIF or the short Form AIF and are not required to be provided under clauses (i), (ii) or (iii); or

(b) at any other time, one copy of any document referred to in clauses (a) (i), (ii) and (iii), provided that we may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Corporation.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, options to purchase securities and interests of insiders in material transactions, if applicable, are contained in our 2009 Management Proxy Circular and will also be contained in our 2010 Management Proxy Circular for the next annual and special meeting to be held on December 14, 2010 and which will be send later on. Additional financial information is also provided in our 2010 Annual MD&A.

SCHEDULE A

NOVEKO INTERNATIONAL INC. CHARTER OF THE AUDIT COMMITTEE

A. STRUCTURE OF AUDIT COMMITTEE

1. Members

The Audit Committee (the "Committee") comprises at least three (3) directors, each of whom is independent, i.e. he or she must meet the independence requirements stipulated by the applicable legislation and the listing standards of the different stock exchanges on which Noveko International Inc. (the "Corporation")'s shares may be traded. All Committee members must be financially literate and at least one member must have education or experience related to finance and administration. An individual is financially literate if he or she has 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 financial statements of the Corporation.

The Committee members are appointed by the Corporation's Board of Directors (the "Board") and remain in office until their successor is duly appointed or until they resign or are dismissed by the Board.

2. Committee Chair

Unless a Chair is elected by the Board, the Committee members appoint a Chair among themselves.

The Chair presides over the Committee meetings and establishes the agendas thereof. He also regularly reports to the Board on the Committee meetings and activities.

3. Meetings

The Committee meets at least four (4) times per year, or more frequently if warranted by the circumstances.

A Committee meeting may be convened at any time upon request by one of its members. Any meeting may also be convened by the Chairman of the Board and Chief Executive Officer, or by the Vice President and Chief Financial Officer, to submit any matter he considers advisable to discuss.

Committee meetings may be held in person, by telephone or by videoconference, and the Committee may take measures upon written consent. Minutes of Committee meetings are compiled in a minute book and made available to the Directors for review.

The quorum for the Committee is the simple majority of members.

In order to fulfill its responsibilities, the Committee may invite any director, corporate officer or other person it deems appropriate to attend its meetings. In order to fulfill its responsibilities, the Committee may also exclude from its meetings any person it deems appropriate.

B. MANDATE AND RESPONSIBILITIES

The Committee helps the Board carry out its oversight responsibilities vis-à-vis shareholders, potential shareholders, the financial community and other interested parties with respect to the financial statements, financial reporting, internal accounting and financial control systems and internal control systems and the annual independent audit of the financial statements of the Corporation. In doing so, it is also responsible for ensuring free and open communication between the Directors and the external auditors.

In addition to the responsibilities prescribed by law and that could be imposed on the Committee from time to time, it has the following duties and responsibilities:

- i. To monitor financial reporting on behalf of the Board and improve the credibility and objectivity of the financial information of the Corporation, keeping in mind the fact that the Management is responsible for preparing the Corporation's financial statements and the external auditors are responsible for auditing them;

- ii. To reinforce the role of the Directors by facilitating in-depth discussions among the Directors, management and the external auditors, and reinforce the independence of the external auditors, particularly with respect to management of the Corporation;
- iii. To oversee the work of the external auditors engaged for preparing or issuing an auditors' report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- iv. To recommend to the Board, each year, the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, and to recommend their compensation to the Board of Directors;
- v. To evaluate the external auditors and recommend their replacement as needed;
- vi. To review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- vii. To receive from the external auditors the annual reports on their independence, review such reports with it, examine whether the providing of services other than auditing services is compatible with maintaining their independence and, if the Committee so decides, recommend that the Board takes appropriate steps to ensure the independence of the auditors;
- viii. To discuss with the external auditors, prior to the audit, the planning, scope of the audit, staff requirements and their professional fees;
- ix. To discuss with management and the external auditors the sufficiency and effectiveness of internal financial controls, including the supervision and management of financial risks of the Corporation, the ethics program and compliance with applicable laws;
- x. To meet with the external auditors, with and without the presence of management, in order to discuss the results of their audit work;
- xi. To meet quarterly with the Corporation's CFO;
- xii. To review the financial statements, MD&A and annual and interim earnings press releases of the Corporation before it publicly discloses this information. To this regard, it must be satisfied that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the public disclosure of the financial statements, MD&A and press releases, and must periodically assess the adequacy of those procedures;
- xiii. To establish procedures for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of the Corporation and its subsidiaries of concerns regarding questionable accounting or auditing matters;
- xiv. To approve in advance all non-audit services which the external auditors of the Corporation render to the Corporation or its subsidiaries;
 - This pre-approval requirement is fulfilled if (1) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent (5%) of the total amount of fees paid by the Corporation and its subsidiary entities during the fiscal year in which the services are provided, (2) the Corporation or one of its subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement and (3) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approval has been delegated by the Committee;

- The Committee may delegate to one or more independent members the authority to pre-approve non-audit services. However, the pre-approval thereby granted must be submitted to the Committee at its first scheduled meeting following such pre-approval;
 - The Committee satisfies the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services if (1) the pre-approval policies and procedures are detailed as to the particular service, (2) the Committee is informed of each non-audit service and (3) the procedures do not include delegation of the Committee's responsibilities to management;
- xv. To keep minutes of the Committee meetings and activities;
- xvi. To regularly report to the Board with respect to (1) all relevant matters enabling the Committee to fulfill its responsibilities and (2) all recommendations that the Committee may deem appropriate. The report to the Board may be given orally or in writing by the Committee Chair or any other member appointed for that purpose by the Committee;
- xvii. To fulfill all other duties it may be assigned from time to time by the Board.

In performing its oversight role, the Committee has the power to conduct investigations on any subject brought to its attention. To perform its duties, it has access to all books, documents, premises and staff of the Corporation, as well as the power to retain the services of an external advisor or expert to such effect, as well as the authority to approve its fees and other terms and conditions relating to its services.

The Committee has the power to convene a Board meeting if it considers it necessary, and in particular in the case of an irregularity or negligence, whether real or assumed.

C. ANNUAL PERFORMANCE AND EVALUATION OF COMMITTEE

At least once annually, the Committee conducts a review and a performance evaluation of the Committee and its members, including a review of the compliance with this charter. Also at least once annually, the Committee reviews and evaluates the relevance of this charter and recommends any improvement that the Committee deems necessary and desirable to the Board. The Committee conducts these evaluations and reviews as it deems appropriate.

D. COMPENSATION

The Committee members are remunerated in accordance with Board-approved policies to that end.