

## **BRAINHUNTER INC.**

### **MANAGEMENT INFORMATION CIRCULAR**

February 14, 2005

#### **SOLICITATION OF PROXIES**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Brainhunter Inc. (the "Corporation") for use at the annual and special meeting (the "Meeting") of shareholders of the Corporation to be held on the 31<sup>st</sup> day of March, 2005, at the hour of 4:30 o'clock, in the afternoon, Toronto time, at the Fairmont Royal York Hotel, Toronto, Ontario in the Quebec Room, 100 Front Street West, Toronto, Ontario M5J 1E3 and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail. The total cost of the solicitation will be borne by the Corporation. In accordance with the requirements of National Instrument 54-101, arrangements have been made with brokerage houses and other custodians, nominees, and fiduciaries to forward the Notice of Meeting, this Management Information Circular and the form of proxy to the beneficial owners of the common shares.**

#### **VOTING OF PROXIES**

**All securities represented at the Meeting by properly executed proxies will be voted or withheld from voting in accordance with the instructions of the security holder on any ballot that may be called for and, if the security holder specifies a choice with respect to any matter to be acted upon, the security will be voted accordingly. In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all the matters set out herein.**

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Management Information Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, not less than forty eight (48) hours, excluding Saturdays and holidays, preceding the Meeting or an adjournment of the Meeting.

#### **APPOINTMENT OF PROXY**

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. A shareholder has the right to designate a person (who need not be a shareholder of the Corporation) other than John McKimm and Robert Prentice, the**

management designees, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper form of proxy and, in either case, depositing the form of proxy with the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, not less than 48 hours, excluding, Saturdays and holidays, preceding the Meeting or an adjournment of the Meeting.

## **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A shareholder may revoke a proxy by either: (a) depositing an instrument in writing, executed by him or his attorney authorized in writing at the offices of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8, prior to the close of business on the day preceding the date on which the Meeting is to be held or any adjournment thereof, or with the Chairman of the Meeting before any vote in respect of which the proxy is to be used shall have been taken; or (b) attending the Meeting in person and registering with the scrutinizer as a shareholder personally present.

## **NON-REGISTERED SHAREHOLDERS**

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation will have distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy (collectively, the "meeting materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Corporation, c/o Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8.

- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions that contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Holder who receives a form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder or such other person’s name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of common shares and series A preferred shares without nominal or par value, of which 41,506,605 common shares and 4,614,681 series A preferred shares are issued and outstanding as at the date hereof and entitled to vote at the Meeting on the basis of one vote for each common or series A preferred share held.

The holders of common and series A preferred shares of record at the close of business on the record date, set by the directors of the Corporation to be February 14, 2005 are entitled to vote such common and series A preferred shares at the Meeting on the basis of one vote for each common or series A preferred share held, except to the extent that:

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

and makes a demand to the Registrar and Transfer Agent of the Corporation, not later than ten (10) days before the Meeting, that his/her name be included on the shareholders’ list. A

complete list of the common shareholders entitled to vote at the Meeting will be open to examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours for a period of ten (10) days prior to the Meeting, at the offices of the Corporation's Transfer Agent, Computershare Trust Company of Canada, 530 8<sup>th</sup> Avenue SW, Suite 600, Calgary, Alberta, T2P 3S8.

The following table sets out the name of each of the persons who beneficially owns, directly or indirectly, or controls or directs securities carrying more than ten percent (10%) of the voting rights attached to the outstanding common shares of the Corporation as of the date hereof.

Name	Common Shares of Brainhunter Inc.	Percentage of total common shares outstanding
1434670 Ontario Inc. <sup>(1)</sup>	4,606,493	11.1%

<sup>(1)</sup> 1437670 Ontario Inc. is beneficially owned 50% each by John McKimm and James Penturn, directors of the Corporation

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or controls or directs securities carrying more than ten percent (10%) of the outstanding series A preferred shares of the Corporation, at the date hereof, other than Crossbow Equity Partners LP which owns 4,359,764 series A preferred shares representing 94.4% of the outstanding series A preferred shares of the Corporation.

## **VOTES NECESSARY TO PASS RESOLUTIONS AT THE ANNUAL AND SPECIAL MEETING**

Other than as herein set forth, under the Corporation's Articles and the *Business Corporations Act* (Ontario) a majority of the votes cast at the Meeting (in person or by proxy) is required in order to elect directors and to pass the resolutions referred to in items in the accompanying Notice of Meeting.

## **NUMBER OF DIRECTORS**

The Board of Directors currently consists of eight (8) directors, including one vacancy. The Board of Directors proposes that nine (9) directors be elected at the Meeting.

The shareholders of the Corporation will be asked to consider and, if thought advisable, determine the number of directors to be elected at the Meeting at nine (9).

This determination requires a special resolution. A special resolution requires the affirmative vote of not less than 2/3 of the votes cast by shareholders at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, approve (subject to such amendments, warranties or additions as may be approved at the Meeting) the following resolution:

**“BE IT RESOLVED THAT:**

1. the number of directors to be elected at the annual meeting of shareholders of the Corporation held on March 31, 2005 be nine (9).”

**ELECTION OF DIRECTORS**

The directors of the Corporation are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Corporation proposes to nominate each of the following nine (9) persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<b>Name, resident province and Country, and position held with the Corporation</b>	<b>Principal Occupation or Employment for Past Five Years</b>	<b>Date of Appointment as director</b>	<b>Shares Beneficially Owned</b>
John Gillies, Ontario, Canada	Currently retired Arbor Memorial Services, President and CEO 1994 to 1997 Falconbridge Limited, Senior VP Sales, Marketing and Administration 1986 to 1992, Executive VP Controller and CFO 1982 to 1986	Proposed to be March 31, 2005	NIL
John Jaakkola, Ontario, Canada	Currently retired Deloitte Consulting Latin America CEO 2001 to 2003 ICS Deloitte Europe, CEO 1997 to 2001	Proposed to be March 31, 2005	NIL
Michael Kirby, Ontario, Canada, Director	Government of Canada, Senator, 1984 to present Bank of Nova Scotia, Director, 2000 to present Extendicare Inc., Director Director of various other public companies,	June 21, 2002	75,000
Don McCreesh, Ontario, Canada	Currently retired Celestica, Senior Vice-President Corporate Affairs, 2004 Senior Vice-President Human Resources 1999 to 2003	Proposed to be March 31, 2005	NIL
John McKimm, Ontario, Canada, Chairman, Chief Executive Officer and Director	Brainhunter Inc., Chairman and CEO, 2000 to present Daedalian eSolutions Inc., Executive Chairman, 2000 to 2001 McKimm & Company, President, 1991 to present	January 27, 2000	4,077,008 <sup>(2)(3)(4)</sup>
James Penturn, Ontario, Canada, Director	John Penturn & Son Limited, President, 1998 to present	June 21, 2002	2,695,342 <sup>(3)(4)</sup>
Matthew Shaw, Florida, United States, Director	Crossbow Ventures, a venture capital firm, Partner, 2002 to present Cenntennial Ventures, Senior Associate, 2000 to 2002 Prime New Ventures, Associate, 1998 to 2000	June 19, 2003	4,359,764 <sup>(1)</sup>

Bhaktraj Singh, Ontario, Canada, Officer and Director	Brainhunter Inc., President of Staffing Division Brainhunter.com Ltd., Founder, Chairman and CEO, 1999 to present Professional Computer Consultants Group, Managing Consultant, 1994 to 1999	June 19, 2003	1,074,917 <sup>(5)</sup> <sup>(6)</sup>
Mel Steinke, Ontario, Canada, Director	Burntsand Inc., President & CEO, 2002 to 2003 Descartes Systems Inc., President, 2001 to 2002 CGI Inc., Executive Vice President, 1999 to 2000 Deloitte Consulting/DRT Systems, President & CEO, 1990 to 1999	August 15, 2002	375,000

- (1) Crossbow Equity Partners LP holds Series A Preferred Shares of the Corporation which shares are convertible on a one for one basis into common shares of the Corporation.
- (2) 500,000 of these common shares are subject to an escrow agreement whereby the shares are released from escrow 1/3 on July 22, 2003, 1/3 on July 22, 2004, and 1/3 on July 22, 2005.
- (3) Not included in the above shareholdings of John McKimm and James Penturn are private options to acquire 980,000 common shares of the Corporation held through 1434670 Ontario Inc., a private company in which Mr. McKimm and Mr. Penturn each hold a 50% interest. The options are exercisable at \$0.40 per share until and including April 24, 2004; \$0.50 per share from April 25, 2004 until and including April 24, 2005; and \$0.60 per share from April 25, 2005 until and including April 24, 2006.
- (4) Included in the total for each of Mr. Penturn and McKimm are 2,303,247 common shares, being 50% of the shares owned by 1434670 Ontario Inc., a company owned 50% each by Mr. McKimm and Mr. Penturn.
- (5) Not included in the above shareholdings of Bhaktraj Singh are private options beneficially owned to acquire 800,000 common shares of the Corporation. The options are exercisable at; \$0.40 per share until and including April 24, 2004, \$0.50 per share from April 25, 2004 until and including April 24, 2005; and \$0.60 per share from April 25, 2005 until and including April 24, 2006.
- (6) Not included in the above shareholdings of Bhaktraj Singh are 500,000 common share purchase warrants beneficially owned by Bhaktraj Singh or companies associated with Mr. Singh. 175,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$0.81 per share until November 3, 2006. 125,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$2.11 per share until November 17, 2006. 200,000 of the warrants entitle the holder to acquire one common share of the Corporation at \$1.92 per share until March 4, 2007.

### **Proposed Directors**

The following individuals are proposed to be newly elected as directors. Following is a brief biography of each.

#### John Gillies

Education and certification

- Certified Management Accountant

#### Professional Experience

- Arbor Memorial Services, owner and operator of cemeteries and funeral homes, President and CEO 1994 to 1997
- Falconbridge Limited, mineral extraction and processing, 1964 to 1992
  - Senior VP Sales, Marketing & Administration 1986 to 1992
  - Executive VP Controller and CFO 1982 to 1986
  - Controller and various other positions 1964 to 1982

### John Jaakkola

#### Education and certification

- Northrop Institute Of Technology - Engineering Diploma, 1968
- Certified Management Consultant (CMC) -Institute Of Certified Management Consultants, 1987
- Information Systems professional (ISP) Canadian Information Processing Society, 1989

#### Professional Experience

##### Deloitte and Touche Overseas Inc.

- CEO of Deloitte Consulting Latin America, 2001-2003
- CEO of ICS Deloitte Europe, 1997-2001

##### Deloitte and Touche Management Consultants, 1982 to 1996

- Chairman of DRT Systems (subsidiary of Deloitte and Touche)

##### Drake International Systems 1977 to 1981

- Area Manager for Canadian and US operations

##### Ernst & Young Canada, 1972 to 1976

- Principal in Information Technology Consulting

##### IBM Canada, 1968 to 1971

- Systems Engineer

### Don McCreesh

#### Education and certification

- MBA, McMaster University

#### Professional Experience

##### Celestica

- Senior Vice-President, Corporate Affairs, 2004
- Senior Vice-President, Human Resources, 1999 to 2003

##### Canadian Imperial Bank of Commerce

- Executive Vice-President, Human Resources, 1997 to 1999

##### Nortel

- Senior Vice-President, Human Resources, 1993 to 1997
- Assistant Vice-President, Human Resources, 1988 to 1993

##### Domtar

- Logistics Manager, Sifto Salt Division, 1985 to 1988
- Assistant to Vice-President Marketing, 1983 to 1985
- Director Employee Relations, 1979 to 1983

##### Westinghouse Canada

- Various Human Resource and Labour Relations positions, 1970 to 1979

## EXECUTIVE COMPENSATION

### Compensation Summary

The following table sets forth the compensation earned during the last three (3) fiscal years by the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) whose total salary and bonus exceeded \$150,000.00 (collectively, the “Named Executive Officers” or “NEO”).

### Summary Compensation Table

NEO Name and Principal Position (a)	Year (b)	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) (i)
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	
					Securities Under Options/ SARs Granted (#) (f)	Shares or Units Subject to Resale Restrictions (\$) (g)	LTIP Payouts (\$) (h)	
John McKimm, Chief Executive Officer	2004	NIL	NIL	276,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	205,000	750,000	NIL	NIL	NIL
	2002	NIL	NIL	10,000	100,000	NIL	NIL	NIL
Robert Prentice, Chief Financial Officer	2004	NIL	NIL	142,500	NIL	NIL	NIL	NIL
	2003	NIL	NIL	102,000	100,000	NIL	NIL	NIL
	2002	NIL	NIL	24,000	50,000	NIL	NIL	NIL
Stanley Yu, Canada, President, Solutions Division	2004	NIL	NIL	167,680	NIL	NIL	NIL	NIL
	2003	NIL	NIL	167,040	NIL	NIL	NIL	NIL
	2002	NIL	NIL	167,320	100,000	NIL	NIL	NIL
Simon Hung, Canada, Vice- President	2004	NIL	NIL	55,893	NIL	NIL	NIL	NIL
	2003	NIL	NIL	167,040	NIL	NIL	NIL	NIL
	2002	NIL	NIL	171,040	100,000	NIL	NIL	NIL
Clement Ng, Canada, Vice- President, TrekLogic Inc.	2004	NIL	NIL	167,680	NIL	NIL	NIL	NIL
	2003	NIL	NIL	167,040	NIL	NIL	NIL	NIL
	2002	NIL	NIL	167,040	100,000	NIL	NIL	NIL
Raj Singh, President, Staffing Division	2004	NIL	NIL	300,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	156,250	1,000,000	NIL	NIL	NIL
	2002	NIL	NIL	NIL	NIL	NIL	NIL	NIL
John Chrobak, President, Engineering Division	2004	NIL	NIL	360,000	NIL	NIL	NIL	NIL
	2003	NIL	NIL	60,000	NIL	NIL	NIL	NIL
	2002	NIL	NIL	NIL	NIL	NIL	NIL	NIL

### Stock Options

No options were granted as executive compensation during the financial year ended September 30, 2004.



**Aggregated Options Exercises During The Most Recently Completed Financial Year and Financial Year-End Option Values.**

The following table sets out information with respect to the exercise during the financial year ended September 30, 2004 of options granted and financial year-end option values.

NEO Name (a)	Securities, Acquired on Exercise (#) (b)	Aggregate Value Realized (\$) (c)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable (d)	Value of Unexercised in-the-Money Options/SARs at FY-End (\$) Exercisable/ Unexercisable (e)
John McKimm,	NIL	NIL	424,667/562,333	\$193,740/\$181,120
Robert Prentice,	NIL	NIL	66,666/83,334	\$31,667/\$29,333
Stanley Yu	NIL	NIL	100,000/0	\$68,000/\$0
Clement Ng	NIL	NIL	100,000/0	\$68,000/\$0
Raj Singh	NIL	NIL	333,333/666/667	\$160,000/\$320,000

(1) The closing price of \$0.98 of the Corporation of common shares on the TSX as at September 30, 2004 was used to calculate in the money options.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

John McKimm, the Corporation's Chief Executive Officer is employed under an employment agreement that was entered into in January 2003. Mr. McKimm receives management fees of \$23,000 per month. The Corporation may terminate Mr. McKimm's employment at any time without cause but this would result in a lump sump severance payment to him equal to two years of management fees.

Raj Singh, President of Brainhunter Staffing Division. is employed under an employment agreement that was entered into in March 2003. Mr. Singh receives management fees of \$25,000 per month. The Corporation may terminate Mr. Singh's employment at any time without cause but this would result in a lump sump severance payment to him equal to 18 months of management fees.

Stanley Yu, President of Brainhunter's TrekLogic Solutions Division, is employed under an employment agreement that was entered into in July 2002 in connection with the Corporation's completion of its Qualifying Transaction to list on the TSX Venture Exchange. Mr. Yu receives management fees of \$13,920 per month. The Corporation may terminate Mr. Yu's employment at any time without cause but this would result in a lump sump severance payment to him equal to 12 months of management fees. Post the end of the fiscal year Mr. Yu resigned as Director but remains as President of the Solutions Division.

Clement Ng, Vice President of TrekLogic Inc. is employed under an employment agreement that was entered into in July 2002 in connection with the Corporation's completion of

its Qualifying Transaction to list on the TSX Venture Exchange. Mr. Ng receives management fees of \$13,920 per month. The Corporation may terminate Mr. Ng's employment at any time without cause but this would result in a lump sum severance payment to him equal to 12 months of management fees.

Robert Prentice, the Corporation's Chief Financial Officer is employed under an employment agreement that was entered into in January 2003. Mr. Prentice receives management fees of \$12,500 per month. The Corporation may terminate Mr. Prentice's employment at any time without cause but this would result in a lump sum severance payment to him equal to 12 months of management fees.

John Chrobak, the President of the Engineering Staffing Division, is employed under a four year employment agreement that was entered into in October 2003. Mr. Chrobak receives a salary of \$30,000 per month. The Corporation may terminate Mr. Chrobak's employment at any time without cause but this would result in a lump sum severance payment to him equal to the remainder of the four year term of the employment agreement.

During the year Simon Hung, Vice-President of TrekLogic Inc., resigned to pursue other interests.

Pursuant to each agreement described above, the officers are bound by non-competition and non-solicitation covenants during their term with the Corporation and for varying periods of time thereafter. The officers are also entitled to participate in plans maintained by the Corporation for the benefit of its employees.

### **Composition of the Compensation Committee**

The Corporation's board of directors has established a Compensation Committee that exercises general responsibility regarding overall employee and executive compensation. The Compensation Committee is composed of four members, Mr. Michael Kirby (Chairman), Mr. James Penturn, Mr. Mel Steinke and Mr. Matthew Shaw, all of whom were independent directors at all material times during the fiscal year.

No member of the Compensation Committee was an officer or employee of the Corporation or of its subsidiaries during the most recently completed financial year or was formerly an officer of the Corporation or any of its subsidiaries. In addition, as at the date of this Management Information Circular, no member is indebted to the Corporation, except as described under "Indebtedness of Directors and Executive Officers" or has a material interest in any material transaction since the commencement of the Corporation's most recently completed financial year or in any proposed material transaction, except as described under "Interest of Informed Persons in Material Transactions".

### **Report on Executive Compensation**

The Compensation Committee periodically reviews the compensation of senior officers and discusses with management various issues regarding executive compensation. The board reviewed the Corporation's approach to executive compensation which has, since formation, been based on providing a cash compensation commensurate with the experience and skill which each individual brings to the position in conjunction with the board's expectations of the

requirements of such position.

The Compensation Committee will continue to review with management the approach to executive compensation and, if it becomes appropriate, will consider alternative or supplemental compensation arrangements.

The key component included in the compensation package for each executive officer, including the Chief Executive Officer, during the last financial year was the management fee. The amount of emphasis varies depending on the executive officer and is described above in the discussion on Employment Agreements.

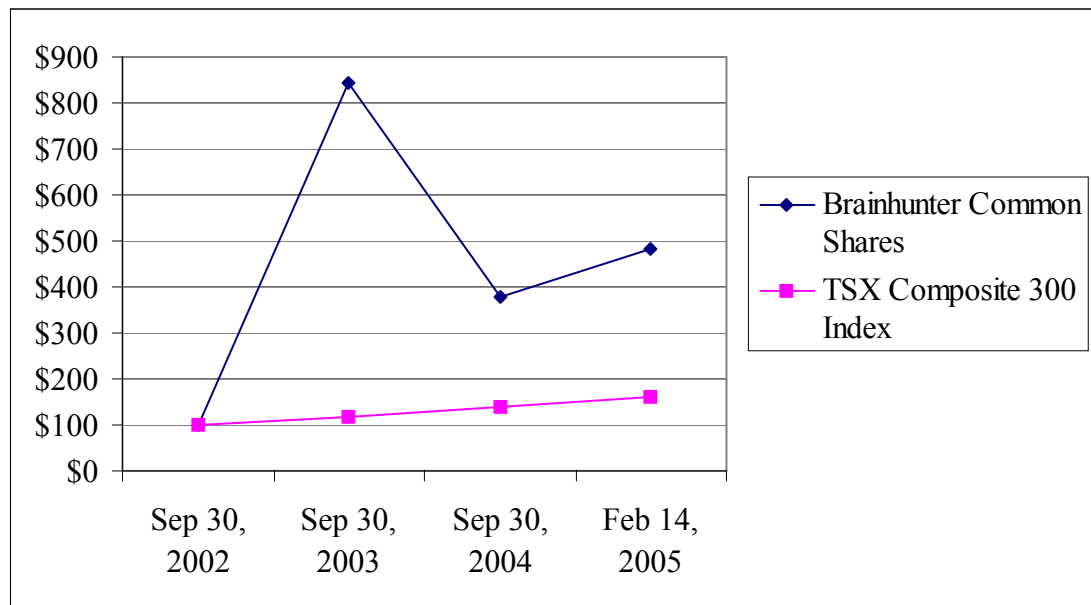
This report is submitted on behalf of the Compensation Committee, namely:

Michael Kirby, Chairman  
James Penturn  
Mel Steinke  
Matthew Shaw

### Stock Performance Chart

The following graph compares the percentage change in the cumulative total shareholder return on the common shares of the Corporation with the cumulative return of the S&P/TSX Composite Index during the period from September 30, 2002 to February 14, 2005 based on the closing value of the common shares if \$100 was invested on September 30, 2002:

Cumulative Total Return on \$100 Investment



## Compensation of Directors

For the financial year ended September 30, 2004, the compensation for each independent non-management director of the Corporation was an annual fee of \$1,000 and \$250 per meeting attended.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

A fundamental principle of the Corporation's compensation philosophy is to provide long-term incentive compensation which is linked to shareholder returns. The Corporation grants, and has in the past granted, to directors of the Corporation options to purchase common shares subject to and in accordance with the prevailing policies of the Toronto Stock Exchange (hereinafter sometimes referred to as "TSX"). Options are granted based on the assessment by the board of directors of the Corporation of the optionee's past and present contribution to the success of the Corporation. The exercise price of options is set in accordance with applicable TSX policies. These options are not transferable and are presently exercisable for a period of up to five years. In addition, the options must be exercised within (i) 90 days after the option holder ceases to be a director or an employee of the Corporation, and (ii) 120 days after the death of the optionee as is specified in each optionee's option agreement.

The Corporation currently has a Stock Option Plan under which may be issued 5,500,000 stock options.

## Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)The "Brainhunter Plan" and the "Red Lantern Plan"	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,418,208	\$0.52	847,660
Equity compensation plans not approved by security holders	NIL	N/A	NIL
Total	4,418,208	\$0.52	847,660

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### Aggregate Indebtedness at February 14, 2005

Aggregate Indebtedness (\$)		
Purpose	To the Company or its Subsidiaries	To Another Entity
(a)	(b)	(c)
Share purchases	\$446,302	NIL
Other	\$73,331	NIL

### Indebtedness of Directors and Executive Officers Under Securities Purchase and Other Programs

Indebtedness of Directors and Executive Officers under Securities Purchase and other Programs						
Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During Financial Year ended Sept. 30, 2004 (\$)	Amount Outstanding as at Feb. 14, 2005 (\$)	Financially Assisted Securities Purchases During Financial Year ended Sept. 30, 2004 (#)	Security for Indebtedness	Amount Forgiven During Financial Year ended Sept. 30, 2004 (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Securities Purchase Programs</b>						
John McKimm, CEO		\$287,995	\$121,600	\$166,395 <sup>(1)</sup>	Brainhunter Common Shares	NIL
Robert Prentice, CFO		\$19,702	\$19,702	NIL	Brainhunter Common Shares	NIL
Michael Kirby, Director		\$22,500	\$22,500	\$22,500	Brainhunter Common Shares	NIL
James Penturn, Director		\$166,395	NIL	\$166,395 <sup>(1)</sup>	Brainhunter Common Shares	NIL
Raj Singh, President Staffing Division		\$200,000	\$200,000	NIL	Brainhunter Common Shares	NIL
Stanley Yu, President, Solutions Division		\$35,000	\$35,000	\$35,000	Brainhunter Common Shares	NIL
Clement Ng, Vice-President, TrekLogic Inc.		\$35,000	\$35,000	\$35,000	Brainhunter Common Shares	NIL

<sup>(1)</sup> A company owned 50% each by Mr. McKimm and Mr. Penturn obtained shares through the exercise of warrants at September 30, 2004. The total amount owed as a result of the warrant exercise was \$332,790, of which 50% (\$166,395) has been included in the above chart for each of Mr. McKimm and Mr. Penturn. The entire amount of \$332,790 was repaid in December, 2004.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For purposes of the following discussion, "Informed Person" means (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Corporation's financial statements for the financial year ended September 30, 2004, none of:

- (a) the Informed Persons of the Corporation;
- (b) a proposed nominee for election as a director of the Corporation; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any subsidiary of the Corporation, except as outlined below.

### **InBusiness Solutions Inc.**

In December 2003, the Corporation made an offer (the "Offer") to purchase all of the outstanding common shares of InBusiness Solutions Inc. ("InBusiness") not already held by the Corporation, its affiliates and associates at a price of \$0.15 per share. The offer price of \$0.15 per share was at the high point of the valuation range established by the independent valuator retained by the Independent Committee of the board of directors of InBusiness Solutions Inc.

The Corporation acquired 100% of the shares of InBusiness as of May 20, 2004, following a mandatory purchase of the remaining few shares not tendered.

John McKimm, Chairman and Chief Executive Officer of the Corporation, Stanley Yu, President and a director of the Corporation, and James Penturn and Raj Singh, both directors of the Corporation, were all members of the board of directors of InBusiness Solutions Inc. Robert Prentice was the Chief Financial Officer of both the Corporation and InBusiness Solutions Inc. In addition, at the date of the Offer, John McKimm and James Penturn, through a holding company, held \$600,000 of a \$1,000,000 convertible debenture of InBusiness Solutions Inc. (with an option to acquire an additional \$300,000 of the principal amount) that was convertible into equity units at \$0.10 per unit, each unit consisting of one common share and one common

share purchase warrant, each warrant convertible into one common share at a price of \$0.10 per share.

InBusiness Solutions Inc.'s address is 1686 Woodward Drive, Ottawa, Ontario K2C 3R8.

### **Sirius Consulting Group Inc.**

In connection with the Corporation's January 2004 acquisition of Sirius Consulting Group Inc., the Corporation issued a \$1,000,000 convertible promissory note (the "Note") as partial consideration of the purchase price. Interest payable on the Note was linked to 90-day Canadian treasury bills and the Note was convertible into common shares of the Corporation at \$3.00 per share. The Note contains a provision wherein John McKimm, Chairman and Chief Executive Officer of the Corporation has an option to purchase the Note by paying to Sirius Consulting Group Inc. all amounts owing by the Corporation under the Note, with the prior written consent of the TSX.

Sirius Consulting Group Inc.'s address is 1686 Woodward Drive, Ottawa, Ontario K2C 3R8.

### **\$10,000,000 Private Placement Financing**

In February of 2004, the Corporation completed a private placement financing wherein 5,555,556 common shares were issued at \$1.80 per share. Insiders of the Corporation collectively subscribed for, directly or indirectly, 2,074,195 common shares or approximately \$3,700,000 of such financing.

## **MANAGEMENT CONTRACTS**

Management functions of the Corporation and any subsidiary thereof are not, to any substantial degree, performed other than by the directors or executive officers of the Corporation or any subsidiary thereof.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Corporation for the year ended September 30, 2004 together with the Auditor's Report thereon have been mailed to shareholders and will also be presented to the shareholders at the Meeting.

## **NORMAL COURSE ISSUER BID**

The Corporation filed with the Toronto Stock Exchange a notice of intention to make a normal course issuer bid (the "2004 Bid") to purchase from May 6, 2004 to May 5, 2005 not more than 2,029,009 common shares being not more than 5% of the 40,580,188 common shares outstanding as at April 14, 2004. The Corporation concluded that the purchase by the Corporation of certain of its outstanding common shares would be an appropriate use of funds such that all remaining shareholders would benefit from the enhanced value of the remaining shares as well as their increased proportionate equity interest in the Corporation.

Pursuant to the 2004 Bid, 2,029,009 common shares were purchased for cancellation at the market price at the time of the relevant purchases. Shareholders may receive, without charge, a copy of the notice of intention to make the 2004 Bid by contacting the CFO of the Corporation, Robert D. Prentice at Brainhunter Inc. 2 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2N 5Y7 or at [Robert.Prentice@brainhunter.com](mailto:Robert.Prentice@brainhunter.com).

## **CORPORATE GOVERNANCE**

The board of directors and management of the Corporation believe that sound corporate governance practices are important to the performance of the Corporation. Schedule "A" attached hereto sets out the practices and policies of the Corporation within the framework of the guidelines for effective corporate governance adopted by the Toronto Stock Exchange.

The Corporation does not have an Executive Committee. The present members of the Corporation's Audit Committee are James Penturn (Chairman), Mel Steinke and Sheldon Inwentash. Attached to this Management Information Circular as Schedule "B" is additional disclosure regarding the Corporation's Audit Committee and the Audit Committee Charter.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Appointment Of Auditor**

Clancy and Company LLP of Toronto, Ontario resigned as auditor of the Corporation effective February 8, 2005 at the request of the Corporation. Clancy & Company LLP has been the auditor of the Corporation since March 2001. Management proposes to appoint Ernst & Young LLP as auditor of the Corporation for the ensuing year to hold office until the close of the next annual meeting of the Corporation.

There was no reportable event (disagreements, consultations or unresolved issues as described in National Instrument 51-102: Continuous Disclosure Obligations) in connection with prior audits of the Corporation and no prior audits contained reservations. The Corporation filed a Notice of Change of Auditors ("Notice") on February 23, 2005. Copies of the Notice and the responses from Clancy & Company LLP, as former auditor, and Ernst & Young LLP, as successor auditor (collectively the "Reporting Package") are attached to this Management Information Circular as Schedule "C".

The shareholders will be asked to consider, and if thought fit to pass, an ordinary resolution appointing Ernst & Young LLP of Toronto, Ontario as auditor of the Corporation for the ensuing year to hold office until the close of the next annual meeting of the Corporation. It is proposed that the remuneration to be paid to the auditor of the Corporation be fixed by the Board of Directors.

**The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the appointment of Ernst & Young LLP of Toronto, Ontario as auditor of the Corporation at a remuneration to be fixed by the Board of Directors, unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the appointment of auditor.**



## **Number of Directors to be Elected**

The shareholders of the Corporation will be asked to consider and, if thought advisable, empower the directors of the Corporation to determine the number of directors to be elected at all subsequent annual meeting of shareholders, subject to the minimum and maximum number of directors of the Corporation as provided for in its Articles as well as the applicable provisions of the *Business Corporations Act* (Ontario). The Corporation's Articles in conjunction with the *Business Corporations Act* (Ontario) effectively require that a minimum of three (3) and a maximum of nine (9) directors be determined to be elected.

The board is of the view that being granted the authority to determine the number of directors standing for election will provide greater flexibility in the governance of the Corporation.

Empowering the directors to determine the number of directors to be elected requires a special resolution. A special resolution requires the affirmative vote of not less than 2/3 of the votes cast by shareholders at the Meeting.

At the meeting, shareholders will be asked to consider and, if deemed appropriate, approve (subject to such amendments, warranties, or additions as may be approved at the Meeting) the following resolution:

### **“BE IT RESOLVED THAT:**

1. the directors be authorized to determine the number of directors to be elected at all subsequent annual meetings of shareholders of the Corporation and which determination shall be in accordance with the Corporation's Articles as well as the applicable corporate laws in effect at the relevant time.”

## **Amendment to By-Law No. 1**

The Corporation was incorporated in Alberta and continued into Ontario on June 21, 2002. In reviewing the Corporation's existing by-law no. 1 ('By-Law') management and the board have sought to amend certain provisions of the By-Law largely in order to bring it into conformity with the *Business Corporations Act* (Ontario).

The full text of the shareholder resolution approving these amendments is contained in Schedule "D" attached to this Management Information Circular.

Copies of the amended By-Law are available for viewing at the Meeting or may be obtained from the Corporation by request.

The shareholders of the Corporation will be asked to consider and if thought advisable, confirm the amendment to the Corporation's By-Law.

## **Amendment To Stock Option Plan**

A fundamental principle of the Corporation's compensation philosophy is to provide long-

term incentive compensation which is linked to shareholder returns. As a result, the Corporation currently has a Stock Option Plan under which may be issued 5,220,000 stock options (the "Brainhunter Plan"). In addition, the Corporation assumed the 280,000 stock options issued under the Stock Option Plan of Red Lantern Corporation (the "Red Lantern Plan") upon the completion of the Corporation's Qualifying Transaction to list on the TSX Venture Exchange on July 22, 2002. The Corporation has not granted any additional options under the Red Lantern Plan and no further options will be granted under the Red Lantern Plan.

As a result of obtaining disinterested shareholder approval at last year's annual meeting for the reservation of an additional 1,037,721 shares for future stock option grants, there is currently an aggregate of 5,500,000 shares (or 12% of the Corporation's outstanding voting securities) reserved for option grants, of which an aggregate of 4,652,340 options (or 10% of the Corporation's outstanding voting securities) have already been issued. As a result, there are currently 847,660 options available for future grants under the Brainhunter Plan.

Disinterested shareholders will be asked to consider and, if deemed appropriate, to approve the reservation of an additional 2,000,000 shares for future stock option grants pursuant to the Brainhunter Plan, thereby bringing the total number of shares available for future stock option grants to 2,847,660. If this increase is approved, the total number of shares reserved for future stock option grants and for options currently issued will be 7,220,000 under the Brainhunter Plan and 7,500,000 in total, which is approximately 16% of the issued share capital of the Corporation.

The board is of the view that this level will provide it with the means to attract and retain highly qualified management and other personnel that are important to the success of the Corporation.

Participants eligible to receive stock options under the Brainhunter Plan are eligible directors, eligible members of management, eligible employees and eligible consultants.

The aggregate number of options available for issuance to any one person shall not exceed 5% of the outstanding shares at the time of grant (including the shares that are subject to such option grant).

The exercise price per share is determined from time to time by the Board but, in any event, shall not be lower than the closing price of Brainhunter common shares on the day prior to the grant.

Under the Brainhunter Plan, the term of the stock options granted is no greater than a period of five (5) years after the date such option is granted. Options vest as follows: (a) no option may be exercised within one (1) year following the date of grant of the option; (b) after the date that is one (1) year following the date of grant of an option the optionee may exercise his rights as to 1/3 of the shares under option or any lesser part thereof; and (c) after each of the second and third anniversaries of the date of grant, the optionee may exercise his rights as to an additional 1/3 of the shares under option or any lesser part thereof. Notwithstanding the foregoing vesting terms, the Board may establish any other vesting schedule relative to any option granted under the Brainhunter Plan provided that in any event, no option shall vest over a period of less than eighteen (18) months following the date of grant of the option.

If an optionee shall die while an eligible participant in the Brainhunter Plan, any vested option held by him at the date of death shall be exercisable if the option was issued ten (10) days or more prior to the date of death. All such options shall be exercisable only for a period of one hundred and twenty (120) days after the date of death or prior to the expiration of the option period in respect thereof, whichever is sooner.

If an optionee ceases to be an eligible participant for cause, no option held by such optionee may be exercised following the date on which such optionee ceases to be an eligible participant.

If an optionee ceases to be an eligible participant for any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of ninety (90) days after the date on which such optionee ceases to be an eligible participant, or prior to the expiration of the option period in respect thereof, whichever is sooner.

If an optionee who is an eligible consultant ceases to be retained by the Corporation by virtue of a breach of the consulting agreement or the expiry thereof, or such retainer is otherwise terminated (other than for death or cause), no option held by such eligible consultant may be exercised following such breach, expiry or termination, as the case may be.

The Board reserves the right to amend, modify or terminate the Brainhunter Plan at any time if and when it is advisable in the absolute discretion of the Board. Any amendment to any provision of the Brainhunter Plan is subject to approval, if applicable and if required, by the Toronto Stock Exchange or any regulatory body having jurisdiction over the securities of the Corporation. In particular, disinterested shareholder approval shall be obtained for any reduction in the exercise price per share if the eligible participant is an Insider of the Corporation (as that term is defined by the Toronto Stock Exchange) at the time of the proposed amendment.

Approval by disinterested shareholders means approval by a majority of the votes cast at the Meeting other than votes attaching to shares beneficially owned by directors and officers of the Corporation and any shareholder who beneficially owns more than 10% of the voting shares of the Corporation, and associates thereto.

At the Meeting, disinterested shareholders will be asked to consider and, if deemed appropriate, approve (subject to such amendments, variations or additions as may be approved at the Meeting) the following resolution:

**“BE IT RESOLVED THAT:**

the Stock Option Plan of the Corporation be amended to increase the maximum number of shares which may be issued thereunder to 7,220,000 and the same is hereby approved.”

**OTHER MATTERS**

Management of the Corporation is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes

before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and Management Discussion & Analysis for its most recently completed financial year, copies of which are available on SEDAR and which were previously mailed to shareholders. Shareholders may also contact the CFO of the Corporation at Brainhunter Inc. 2 Sheppard Avenue East, Suite 700, Toronto, Ontario, M2N 5Y7 or at [robert.prentice@brainhunter.com](mailto:robert.prentice@brainhunter.com) to request copies of these documents.

#### **DIRECTORS' APPROVAL**

The contents of this Management Information Circular and the sending thereof have been approved by the board.

"John McKimm"  
Chief Executive Officer

"Robert Prentice"  
Chief Financial Officer

## SCHEDULE “A”

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES OF BRAINHUNTER INC.

TSX Guidelines	Corporate Governance Practices
1. The board of directors of every corporation should explicitly assume responsibility for stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:	The Board is responsible for supervising the management of the Corporation and acting in the best interests of the Corporation and its shareholders. The Board acts in accordance with the <i>Business Corporations Act</i> (Ontario), the Corporation’s articles of incorporation and by-laws, the Corporation’s policies, regulations and guidelines of the Toronto Stock Exchange and Canadian securities commissions, and other applicable laws.
(a) adoption of a strategic planning process;	The Corporation’s Board has approved an annual business plan for the current fiscal year and is implementing a process for the preparation and approval of long term strategic plans.
(b) the identification of the principal risks of the corporation’s business and ensuring the implementation of appropriate systems to manage these risks;	The identification of the Corporation’s principal business risks is the responsibility of the Corporation’s management subject to review by the Board. The Board and the Audit Committee review the principal risks of the Corporation’s risk management systems to ensure that they are appropriate and adequate. The Audit Committee discusses significant risk areas with the Corporation’s auditors.
(c) succession planning, including appointing, training and monitoring senior management;	The Board is involved in succession planning. The Board is responsible for approving the appointment of the CEO and reviews and approves his corporate objectives and compensation. In addition, the Board is involved in monitoring senior management principally through regular informal contact with the management team and through discussions at Board meetings.
(d) a communication policy for the corporation; and	Management of the Corporation is in the process of drafting a Corporate Disclosure Policy which addresses how the Corporation interacts with analysts and the public and contains measures for the Corporation to avoid selective disclosure and insider trading by ensuring the accurate and timely dissemination of material information and establishing rules to eliminate trading by persons in possession of material undisclosed information.
(e) the integrity of the corporation’s internal control and management information systems.	The Board, through its Audit Committee, monitors the effectiveness of the Corporation’s internal control processes and management information systems by reviewing audit functions and the preparation of financial statements and meeting with the external auditors independent of management. Additional responsibilities include the review of management’s report on internal controls.
2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the director’s ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.	The Board is currently composed of eight members, including one vacancy. Two of the seven sitting members are <i>related directors</i> . John McKimm is a <i>related director</i> due to his position as Chief Executive Officer of the Corporation and Raj Singh is a <i>related director</i> due to his position as President of one of the Corporation’s subsidiaries. The Board considers that none of the five non-management, or <i>outside</i> , directors were <i>related directors</i> at all material times during the preceding fiscal year. The Board believes that the current <i>unrelated directors</i> provide appropriate independent representation for the public shareholders of the Corporation. During the period September, 2004 to November, 2004, a member of the Audit Committee, Mel Steinke, was engaged by the Board of Directors to guide the development of a strategic planning exercise and prepare reports to the Board based on the resulting strategic plan. Total compensation for performing this task was \$60,000. At no time during the duration of this task did Mr. Steinke participate in Meetings of the Audit Committee or decisions rendered therefrom. Of the slate of directors proposed by management as outlined in this Information Circular, five of nine directors will be <i>unrelated</i> . The Corporation does not have a <i>significant shareholder</i> .

TSX Guidelines	Corporate Governance Practices
<p>3. The application of the definition of “unrelated director” to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.</p>	<p>The Board is responsible for determining whether or not each director is an <i>unrelated director</i>. Accordingly, the Board reviews all of the relationships of the directors with the Corporation and its subsidiaries to determine whether they are <i>related</i>. If a director works in the day-to-day operations of the Corporation or its subsidiaries, is party to any material contracts of the Corporation or its subsidiaries, or receives any fees from the Corporation other than as a director, he is considered a <i>related director</i>. Five of the Corporation’s eight directors, being a majority of the Corporation’s directors were thus <i>unrelated</i> at all material times during the preceding fiscal year.</p> <p>During the period September, 2004 to November, 2004, a member of the Audit Committee, Mel Steinke, was engaged by the Board of Directors to guide the development of a strategic planning exercise and prepare reports to the Board based on the resulting strategic plan. Total compensation for performing this task was \$60,000. At no time during the duration of this task did Mr. Steinke participate in Meetings of the Audit Committee or decisions rendered.</p> <p>Of the slate of directors proposed by management as outlined in this Information Circular, five of nine directors will be <i>unrelated</i>.</p>
<p>4. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside (non-management) directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.</p>	<p>The Board has no requirement for a formal Nominating Committee at this stage of the Corporation’s development. When new directors are being considered, the full Board generally acts as an ad hoc nominating committee.</p>
<p>5. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.</p>	<p>The Board has not yet implemented a specific process for assessing the effectiveness of the Board and the contribution of individual directors. Currently, the entire Board monitors its effectiveness and the performance of individual directors.</p>
<p>6. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.</p>	<p>Reports relating to the Corporation’s business and affairs are provided to new directors. In addition, new Board members meet with senior management of the Corporation to review the business and affairs of the Corporation.</p>
<p>7. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates effective decision-making.</p>	<p>The Board has determined that its composition and size was appropriate for the Corporation previously. The Board has determined that nine (9) Directors would be a more appropriate number for the future as it would offer the required flexibility to respond quickly and efficiently to corporate opportunities and challenges as they arise from time to time. The slate of Directors as proposed for election in this Information Circular brings together a mix of skills, backgrounds and attitudes that the Board considers appropriate for the stewardship of the Corporation.</p>
<p>8. The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.</p>	<p>The Compensation Committee reviews the directors’ compensation on a periodic basis. The committee considers the time commitment, comparative remuneration, responsibilities and other factors in determining remuneration.</p>
<p>9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.</p>	<p>The Board has two committees: the Audit Committee and the Compensation Committee. Each Board committee is composed entirely of outside directors, all of whom were <i>unrelated</i> directors at all material times during the course of the preceding fiscal year. Upon the election of the slate of directors as proposed by management, both committees will be composed of <i>unrelated</i> directors. In particular, please see Schedule “B” to this Information Circular for the proposed composition of the Audit Committee.</p>
<p>10. Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation’s approach to governance issues. This committee would, among other things, be responsible for the corporation’s response to these governance guidelines.</p>	<p>The Board as a whole considers corporate governance matters at all times.</p>

TSX Guidelines	Corporate Governance Practices
11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.	Any responsibility that is not delegated to senior management or to Board committees remains with the Board as a whole. The Board has established committees with defined scope, and approves senior officer appointments. The Board, in conjunction with management, establishes the objectives of the Corporation which, in turn, are expected to be implemented by the CEO. The Board is satisfied that it is not necessary to develop written objectives for the CEO at this time.
12. Every board of directors should implement structures and procedures which ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) assign this responsibility to an outside director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve assigning the responsibility for administering the board's relationship to management to a committee of the board.	Although the Chairman of the Board, as Chief Executive Officer, has executive responsibilities with the Corporation, the independence of the Board is assured because five of the eight members of the Board were <i>outside</i> and <i>unrelated</i> directors at all material times during the previous fiscal year. Of the slate of Directors proposed in this Information Circular, five of nine proposed directors are <i>outside</i> and <i>unrelated</i> . The <i>unrelated</i> directors have unfettered access to information regarding the Corporation's activities, and have the ability to engage outside advisors and the power to meet independently of management.
13. The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.	The Audit Committee is composed of three <i>unrelated</i> directors: James Penturn, Melvin Steinke, and Sheldon Inwentash. All members of the Audit Committee are financially literate (can read and understand financial statements) and one has accounting and related financial expertise.  During the period September, 2004 to November, 2004, a member of the Audit Committee, Mel Steinke, was engaged by the Board of Directors to guide the development of a strategic planning exercise and prepare reports to the Board based on the resulting strategic plan. Total compensation for performing this task was \$60,000. At no time during the duration of this task did Mr. Steinke participate in Meetings of the Audit Committee or decisions rendered.  As proposed by this Information Circular, and in particular Schedule "B", all of the proposed members of the Audit Committee are financially literate (can read and understand financial statements). One is a Certified Management Accountant and has been the CFO of a major public corporation, one has an MBA and all three have senior executive experience including financial results responsibilities.  The mandate of the Audit Committee is to monitor audit functions and the preparation of financial statements and to meet with the external auditors independent of management. The Audit Committee has direct communication with internal personnel responsible for financial statement preparation and with the Corporation's external auditors. Additional responsibilities include the review of the management report on internal controls.
14. The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.	Individual directors are entitled to engage outside advisors at the Corporation's expense.

## **SCHEDULE "B"**

### **AUDIT COMMITTEE DISCLOSURE**

#### **ITEM 1: THE AUDIT COMMITTEE CHARTER**

The overall purpose of the Audit Committee (the "Committee") of Brainhunter Inc. (the "Corporation") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

#### **ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE**

The current members of the Committee are Messrs. James Penturn (Chairman), Mel Steinke and Sheldon Inwentash. All members were considered independent at all material times during the recently completed fiscal year and financially literate, as those terms are used in Multilateral Instrument 52-110 (the "Instrument").

During the period September, 2004 to November, 2004, a member of the Audit Committee, Mel Steinke, was engaged by the Board of Directors to guide the development of a strategic planning exercise and prepare reports to the Board based on the resulting strategic plan. Total compensation for performing this task was \$60,000. At no time during the duration of this task did Mr. Steinke participate in Meetings of the Audit Committee or decisions rendered therefrom.

It is proposed that the three new directors proposed for election will become the Audit Committee after their appointment as Directors. All three proposed Directors will be Independent.

#### **ITEM 3: RELEVANT EDUCATION AND EXPERIENCE**

##### **Existing Audit Committee**

##### **James Penturn (Chair)**

He has served on the audit committee of Daedalian eSolutions Inc., another public company and has extensive executive and commercial investment experience, giving him a broad background of financial knowledge.

##### **Sheldon Inwentash**

A Chartered Accountant, with extensive experience in venture capital and development and growth of companies.

##### **Mel Steinke**

Experienced as CEO of a public company with full budget responsibilities.



## **Proposed Audit Committee**

### **John Gillies**

It is proposed that John Gillies will become the Chair of the Audit Committee. He is judged to be financially literate by virtue of being a Certified Management Accountant and demonstrated by his experience as CFO of Falconbridge Limited, the multi-billion dollar mining company.

### **John Jaakkola**

Mr. Jaakkola is proposed to be a member of the Audit Committee, on the strength of his senior executive experience as a CEO regarding the issues surrounding the development of a high-growth technology services company, specifically the European and Latin American operations of the Technology sectors of Deloitte Consulting. As CEO he had extensive experience in and responsibilities for all financial aspects of operating an international business enterprise.

### **Don McCreesh**

Mr. McCreesh is proposed to be a member of the Audit Committee, on the strength of his senior executive knowledge of the human resources issues surrounding the staffing operations of the company, particularly employer and employee taxation and liability issues. He has an MBA and has been a senior executive of a multinational corporation with extensive budget responsibilities.

## **ITEM 4: RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year has the company relied on the following exemptions available under the Instrument: section 2.4 (De Minimis Non-audit Services); section 3.2 (Initial Public Offerings); section 3.4 (Events Outside Control of Member); section 3.5 (Death, Disability or Resignation of Audit Committee Member); part 8 (Exemptions); section 3.3(2) (Controlled Companies); section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances); and section 3.8 (Acquisition of Financial Literacy).

## **ITEM 5: AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

## **ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES**

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted.

**ITEM 7: EXTERNAL AUDITOR SERVICE FEES**

The aggregate fees charged to the Company by Clancy & Company LLP, the external auditor, in the last fiscal year was \$189,261, consisting of audit fees of \$160,000 and fees for other work, including review of records of acquisitions and review of interim statements of \$29,261. The Audit Committee does not consider this amount of non-audit fees to be of a level to affect the independence of Clancy & Company LLP in the exercise of their role as external auditors.

## **SCHEDULE "C"**

### **REPORTING PACKAGE FOR CHANGE OF AUDITOR**

Please see attached for executed copies of:

- a) Notice of change of Auditor
- b) Letter from the former Auditor, Clancy & Company LLP
- c) Letter from the successor Auditor, Ernst & Young LLP



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NOTICE OF CHANGE OF AUDITOR  
PURSUANT TO NATIONAL INSTRUMENT 51-102

At the request of the Company, Clancy & Company LLP, Chartered Accountants, (the "Former Auditor") resigned as the Company's auditor effective February 8, 2005. The Board of Directors of the Company has appointed Ernst & Young LLP, Chartered Accountants, as the Company's auditor. The Board of Directors of the Company has considered and approved both the resignation and the appointment.

The Company will propose at its next annual general meeting of shareholders that shareholders approve the appointment of Ernst & Young LLP as the Company's auditor for the year ended September 30, 2005.

The Company confirms that there were no reservations in the Former Auditor's reports in connection with

- a) the financial statements of the Company for the two most recently completed fiscal years; and
- b) any period subsequent to the most recently completed period for which an audit report was issued and preceding the date of expiry of the Former Auditor's term of office.

In the opinion of the Company, as at the date hereof, there have been no reportable events (as defined in National Instrument 51-102) in connection with the audits of the two most recently completed fiscal years of the Company, or in connection with any period subsequent to the most recently completed period for which an audit report was issued, and there are no reportable events pending.

Dated at Toronto this 23 day of February, 2005.

BRAINHUNTER INC.

Robert Prentice, CFO

**Brainhunter Inc.**

2 Sheppard Ave. E., Suite 700, North York, ON Canada M2N 5Y7

Tel 416.225.9900 Fax 416.225.9104

[www.brainhunter.com](http://www.brainhunter.com)

February 18, 2005

Ontario Securities Commission  
20 Queen Street West  
Suite 1903  
Toronto, Ontario  
M5H 3S8

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Ave SW  
Calgary, Alberta  
T2P 3C4

**CLANCY &  
COMPANY**  
Chartered Accountants

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1L2

Autorité des marchés financiers  
Place de la Cité, Tour Cominar  
2640, boulevard Laurier, bureau 400, 4<sup>e</sup> étage  
Sainte-Foy, Québec  
G1V 5C1

Dear Sirs/Madames:

We have read the statements made by Brainhunter Inc. in the attached copy of Change of Auditor Notice dated February 8, 2005, which we understand will be filed pursuant to Section 4.11 of the National Instrument 51-102.

We agree with the statements in the Change of Auditor Notice dated February 8, 2005.

Yours very truly,  
CLANCY & COMPANY LLP



David G. Clancy

3080 Yonge Street,  
Suite 6000  
Toronto, Ontario,  
M4N 3N1  
Tel: 416-322-7039  
Fax: 416-322-5711



■ Ernst & Young LLP  
Chartered Accountants  
Ernst & Young Tower  
Toronto-Dominion Centre  
222 Bay Street, P.O. Box 251  
Toronto, ON M5K 1J7

■ Phone: 416 864-1234  
Fax: 416 864-1174

February 21, 2005

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
Commission des valeurs mobilières du Québec  
Brainhunter Inc.  
Clancy & Company LLP

Dear Sirs:

**Re: Brainhunter Inc.**

Please be advised that, in connection with National Instrument 51-102: Continuous Disclosure Obligations, we hereby notify you that we have read the Corporation's Notice of Change of Auditors dated February 18, 2005 and, based on our knowledge at this time, we are in agreement with the statements contained in said notice.

Yours sincerely,

A handwritten signature in cursive script that reads 'Ernst &amp; Young LLP'.

Ernst & Young LLP

## SCHEDULE "D"

### TEXT OF RESOLUTION APPROVING AMENDMENTS TO BY-LAW NO. 1 OF THE CORPORATION

"BE IT RESOLVED THAT"

1. "Brainhunter Inc." be substituted for "Red Lantern Corporation" where such term appears in the preamble to By-Law No. 1.
2. All references to the "*Business Corporations Act (Alberta)*" in By-Law No. 1 be deleted and replaced with "*Business Corporations Act (Ontario)*"
3. Section 2.10, subsection (e) of By-Law No. 1 be repealed.
4. The following be substituted for Section 2.10, subsection (e) of By-Law No. 1.

"2.10 Directors Meetings:

- (e) Place of Meetings of Directors: Subject to the Articles, meetings of the Directors may be held at any place in Ontario, or at any place outside Ontario if all Directors entitled to attend and vote at the meeting either participate in the meeting or consent verbally or otherwise to the meeting being held at that place."

5. Section 2.10, subsection (g) of By-Law No. 1 be repealed.
6. The following be substituted for Section 2.10, subsection (g) of By-Law No. 1.

"2.10 Directors Meetings:

- (g) Secretary of Meetings of Directors: The chairman may appoint any person to act as secretary of a meeting of Directors; and in the absence of such appointment, the chairman shall act as secretary of the meeting."

7. Section 3.01 of By-Law No. 1 be repealed.
8. The following be substituted for Section 3.01 of By-Law No. 1.

"3.01 Chairman at Meeting of Shareholders: The Chief Executive Officer of the Corporation shall act as chairman at all Meetings of

Shareholders; but if the Chief Executive Officer is absent or refuses to act as chairman, the chairman of the Meeting shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the Meeting of Shareholders: (a) Chairman of the Board; (b) Managing Director; (c) President; or (d) a Vice-President. If no such officer is present, the Shareholders in attendance shall elect some other person in attendance at the Meeting, who need not be a Shareholder, to act as chairman of the meeting.”

9. Section 3.02 of By-Law No. 1 be repealed.

10. The following be substituted for Section 3.02 of By-Law No. 1.

“3.02 Place of Shareholders’ Meeting: Subject to the Articles, a Meeting of the Shareholders shall be held at such place in or outside Ontario as determined by the Directors.”

11. Section 5.05 of By-Law No. 1 be repealed.

12. The following be substituted for Section 5.05 of By-Law No. 1.

“5.05 Replacement of Share Certificates: The Board or any officer or agent designated by the Board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of a reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.”

13. Section 5.12 of By-Law No. 1 be repealed.

14. The following be substituted for Section 5.12 of By-Law No. 1.

“5.12 Transfer Agents and Registrars: The Board may from time to time appoint one or more trust companies as its agent or agents to maintain the central securities register or registers, and an agent or agents to maintain branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be appointed both registrar and transfer agent. The Board may at any time terminate any such appointment.”





