



# **EQUITECH CORPORATION**

**ANNUAL GENERAL AND SPECIAL MEETING OF  
SHAREHOLDERS**

**MAY 16, 2005**

**MANAGEMENT INFORMATION CIRCULAR**

**DATED APRIL 11, 2005**

**EQUITECH CORPORATION**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**May 16, 2005**

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NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of EQUITECH CORPORATION (the "Corporation") will be held in Boardroom 145 at the Telus Centre for Professional Development, 87 Avenue - 111 Street, Edmonton, Alberta on May 16, 2005 at the hour of 1:00 p.m. (Edmonton time) for the following purposes:

1. To receive the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2004;
2. To elect Directors of the Corporation for the ensuing year;
3. To appoint auditors of the Corporation for the ensuing year and authorize the Directors to fix their remuneration;
4. To consider, and if deemed advisable, to pass a resolution re-approving the stock incentive plan for the Corporation, as set forth in the accompanying Information Circular;
5. To transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

Shareholders are referred to the accompanying Information Circular for more detailed information concerning the matters to be considered at the meeting.

Shareholders who do not expect to attend the meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided. All proxies to be voted at the meeting must be received by Computershare Trust Company of Canada, the registrar and transfer agent for the Corporation, at 600, 530 – 8 Avenue SW, Calgary, Alberta, T2P 3S8, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the meeting or any adjournment thereof.

Holders of Common Shares of record at the close of business on April 15, 2005 are entitled to receive Notice of the Annual Meeting and to vote thereat or at any adjournment(s) thereof. The transfer books will not be closed.

Dated at the City of Edmonton, in the Province of Alberta, this 11<sup>th</sup> day of April, 2005.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "James Chivers-Wilson"  
President, Chief Executive Officer

## INFORMATION CIRCULAR

For the Annual General and Special Meeting of Shareholders  
to be held at the Telus Centre for Professional Development,  
87 Avenue and 111 Street, Edmonton, Alberta, T6G 2R1  
on May 16, 2005

### PROXIES

#### Solicitation Of Proxies

**This Information Circular is furnished in connection with the solicitation of proxies by the management of EQUITECH CORPORATION** (the "Corporation") for use at the Annual General and Special Meeting of the Shareholders (the "Shareholders") of common shares ("Common Shares") of the Corporation to be held on May 16, 2005, at the Boardroom 145, Telus Centre for Professional Development, 87 Avenue and 111 Street, Edmonton, Alberta, T6G 2R1 at 1:00 p.m. (Edmonton time) and at any adjournment thereof (the "Meeting"), for the purposes set forth in the Notice of Meeting. Proxies must be delivered to Computershare Trust Company of Canada at the address shown on the envelope not less than 48 hours before the time for holding the Meeting. Only a Shareholder of record at the close of business on April 15, 2005, will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder establishes ownership to the Common Shares and demands, at least ten days before the Meeting, that his or her name be included on the list of Shareholders.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an Officer or attorney thereof duly authorized.

**The persons named in the enclosed Form of Proxy are Directors and Executive Officers of the Corporation. A Shareholder submitting the proxy has the right to appoint a person (who need not be a Shareholder) to represent him or her at the Meeting. To exercise this right, the Shareholder must insert the name of the desired representative in the blank space provided in the Form of Proxy and strike out the other names, or submit another appropriate proxy.**

#### Revocability of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an Officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to 4:30 p.m. (Edmonton time) on the last business day before the day of the Meeting, or with the Chairman of the Meeting on the day of the Meeting, and upon either of such deposits, the proxy is revoked.

#### Persons Making the Solicitation

**This solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Meeting and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, or by other means of communication or by the Directors, Officers and employees of the Corporation, who will not be remunerated therefor.

#### Exercise of Discretion by Proxy

The Common Shares represented by proxies in favour of management nominees will be voted on any ballot at the Meeting and where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted on any ballot in accordance with the specification so made.

In the absence of such specification, such Common Shares will be voted IN FAVOUR of the matters to be acted upon as set out herein. The persons appointed under the Form of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Form of Proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting. In the

event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing this Information Circular, the management of the Corporation knows of no such amendment, variation, or other matter.

#### Voting Shares and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares (the "Common Shares"), of which at March 31, 2005, there were 14,403,104 Common Shares issued and outstanding. A quorum at the Meeting is currently two (2) shareholders personally present (or represented by proxy) and owning ten (10%) per cent of the Common Shares entitled to vote at the Meeting.

The only shareholders as at the date hereof who own, or are known by the Corporation to own, of record or beneficially, either directly or indirectly, 10% or more of the issued and outstanding voting shares of the Corporation are as follows:

<u>Shareholder</u>	<u>Number of Common Shares Owned Directly or Indirectly</u>	<u>Percentage of Issued Common Shares</u>
Foundation Equity Corporation	2,500,000	17.36%

Note:

- (1) Kerry Brown, Chairman of the Board and a director of the Corporation, is Chairman of the Board, Chief Executive Officer and a director and shareholder of Foundation Equity Corporation.

Directors and senior officers of the Corporation and their affiliates collectively own 3,632,078 Common Shares representing approximately 25.2% of the issued and outstanding Common Shares of the Corporation.

The following securities of the Corporation are held in escrow as of the date of this Information Circular:

<u>Designation of Class Held in Escrow</u>	<u>Number of Securities</u>	<u>Percentage of Class</u>
Common Shares	1,226,362	8.51%

The securities of the Corporation held in escrow are either held in connection with: (a) the Discount Seed Share Escrow Agreement or Seed Share Escrow Agreement, both dated November 22, 2000 (collectively, the "Seed Escrow Shares") entered into with Computershare Trust Company of Canada in connection with the Corporation's initial public offering; or (b) the Escrow Agreements dated April 22, 2002 and May 14, 2002 (collectively, the "QT Escrow Shares") entered into with Computershare Trust Company of Canada in connection with the Qualifying Transaction of the Corporation. The 210,000 Seed Escrow Shares remaining in escrow are releasable on May 30, 2005. The 1,016,362 QT Escrow Shares remaining in escrow are releasable at the rate of 145,194 shares on each of May 30 and November 30 from 2005 to the final release on May 30, 2008.

#### Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold their Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of the Corporation. Such shares will most likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities), which company acts as nominee for many Canadian brokerage firms. Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The Directors and Officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. or of other brokers/agents are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically mails a scannable Voting Instruction Form instead of the form of proxy. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form to ADP by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free number to vote the Common Shares held by the Beneficial Shareholder. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Common Shares directly at the Meeting as the Voting Instruction Form must be returned as directed by ADP well in advance of the Meeting in order to have the Common Shares voted.**

### MATTERS TO BE ACTED UPON AT THE MEETING

#### Election of Directors

The affairs of the Corporation are managed by a Board of Directors who are elected annually for a one year term at each annual meeting of the Shareholders and hold office until the next annual meeting, or until their successors are duly elected or appointed or until a director vacates his office or is replaced in accordance with the By-laws of the Corporation.

The Articles of the Corporation provide that the Board of Directors shall consist of not less than 3 or more than 15 persons. The Board currently consists of 5 directors and it is proposed that 5 directors be elected to serve on the Board for the forthcoming year.

The Shareholders of the Corporation are entitled to elect the directors of the Corporation. The persons named below have been nominated for election and have consented to such nomination. Unless otherwise directed, the Common Shares represented by proxy **in favour** of management nominees will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

The management nominees for the Board of Directors and information concerning them as furnished by the individual nominees are set out below:

<u>Name</u>	<u>Director Since</u>	<u>Principal Occupation</u>	<u>Common Shares Beneficially Owned Directly and Indirectly</u>
Dr. Antoine Noujaim Edmonton, Alberta	June 23, 2000	Chairman of the Board and President and Chief Executive Officer of ViRexx Research Inc. since September 2001. Officer of Altarex Corp. since December 1995. Chairman of the Board and President of Noustar Technologies Inc.	1,033,037 (7.17%)
Kerry Brown, C.A. <sup>(1) (2)</sup> Edmonton, Alberta	June 23, 2000	Chairman of the Board and Chief Executive Officer of Foundation Equity Corporation since 1992. Chief Executive Officer of CMW Management Inc. since August 1987. Chief Executive Officer of McCoy Bros. Inc. from 1995 to 2000.	632,340 (4.39%)
Marcus Little, B.Comm <sup>(1) (2)</sup> Toronto, Ontario	June 23, 2000	Partner at Performance Improvement Consultants Inc.	251,256 (1.74%)

<u>Name</u>	<u>Director Since</u>	<u>Principal Occupation</u>	<u>Common Shares Beneficially Owned Directly and Indirectly</u>
Dr. Fakhreddin Jamali Edmonton, Alberta	April 22, 2002	Professor, Faculty of Pharmacy, University of Alberta.	943,035 (6.55%)
Robert G. Ingram, C.A. <sup>(1)(2)</sup> Edmonton, Alberta	April 19, 2004	Partner in Ingram & Company, a chartered accounting firm	760,700 (5.07%)

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance Committee.
- (3) Dr. Antoine Noujaim holds options to acquire 75,000 Common Shares at \$0.21 per share and warrants to acquire 304,722 Common Shares at a price of \$0.30 per share; Kerry Brown holds options to acquire 75,000 at \$0.21 per share and warrants to acquire 385,278 Common Shares at a price of \$0.30 per share; Marcus Little holds options to acquire 75,000 Common shares at \$0.21 per share and warrants to acquire 96,966 Common Shares at a price of \$0.30 per share; Dr. Jamali holds options to acquire 486,540 Common Shares at prices ranging from \$0.21 to \$0.68 per share and warrants to acquire 325,391 Common Shares at a price of \$0.30 per share, and Robert Ingram holds options to acquire 75,000 Common Shares at \$0.21 per share and warrants to acquire 191,190 Common Shares at a price of \$0.30 per share.
- (4) Of the 632,340 shares held by Kerry Brown, 517,040 shares are held directly by him, 7,800 by his spouse, 17,500 shares are held through Equity Farms Ltd., 76,000 shares are held through Technology Investment Fund Ltd., 7,000 shares are held through CMW Management Inc. and 7,000 shares are held through Brown & Motz Property Corp.
- (5) The shares held by Dr. Noujaim and Dr. Jamali include shares held through their respective private holding companies.

All Directors hold office until the earlier of their resignation or removal and the date of the Corporation's next annual general meeting of Shareholders at which Directors are elected.

As of the date hereof, the Directors and Officers and their associates, as a group, directly, or indirectly, held 3,631,078 Common Shares or approximately 25.2% of the total number of issued and outstanding shares of the Corporation (approximately 36.1% assuming exercise of all options and warrants held by Directors and Officers).

#### Appointment of Auditors

Unless otherwise directed, Common Shares representing proxies in favour of management nominees will be voted in favour of the appointment of Skolney & Company, Chartered Accountants, Suite 1420, Weber Centre, 5555 Calgary Trail South, Edmonton, Alberta, T6H 5P9 as auditors of the Corporation, to hold office until the next annual general meeting of the Shareholders, or until their successors are duly elected or appointed, and to authorize the board of Directors to fix their remuneration.

#### Yearly Approval of Rolling Stock Option Plan

The Corporation's current stock option incentive plan (the "Plan") was adopted on May 18, 2004, at a shareholders' meeting. In accordance with policies of the TSX Venture Exchange, issuers which have a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the issuer at the time of the stock option grant, must annually receive shareholder approval of the stock option plan. The Corporation's Plan is a "rolling plan" and the Corporation is seeking such shareholder approval. For a description of the Plan, please see "Compensation of Executive Officers and Directors – Stock Option Plan".

The Shareholders will be asked at the Meeting to approve, by ordinary resolution, the following:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Directors', Management, Employees' and Consultants' Stock Option Plan adopted on May 18, 2004, be and is hereby ratified and approved as a "rolling plan" such that the number of options outstanding under the plan from time to time shall not exceed 10% of the issued common shares outstanding from time to time."

The Board of Directors of the Corporation recommends that Shareholders vote in favor of the above ordinary resolution.

## Other Matters

As of the date of this Information Circular, the Board of Directors and management of the Corporation know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

### Compensation of Directors

During the financial year ended December 31, 2004, the Corporation paid no cash compensation to the Directors for services in their capacity as Directors. Directors are eligible to participate in the Corporation's stock option plan. Options to purchase 375,000 common shares were granted to Directors for the fiscal year ended December 31, 2004 at an exercise price of \$0.21 per common share for a period of five years expiring June 7, 2009.

Executive Officers of the Corporation who also act as Directors of the Corporation, do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such Executive Officers in their capacity as Executive Officers. See "Compensation of Executive Officers".

### Stock Options

The Corporation adopted an incentive stock option plan (the "Plan") which was approved by the shareholders on April 22, 2002. Pursuant to the Plan, the Board of Directors of the Corporation may allocate non-transferable options to purchase Common Shares to Directors, Officers, employees and consultants of the Corporation and of its subsidiaries, if any. The aggregate number of shares that may be available for issuance from time to time under the Plan is not to exceed ten (10%) percent of the number of shares issued and outstanding in the capital of the Corporation. All options granted will be in compliance with the requirements of the TSX Venture Exchange. The purchase price and vesting provisions for any optioned Common Shares shall be fixed by the directors, subject to the limitations and restrictions of the TSX Venture Exchange.

Further, the aggregate number of Common Shares to be issued upon the exercise of options granted thereunder to any one individual shall not exceed 5% of the total number of Common Shares issued and outstanding at the time of granting the options. The Board of Directors may determine the term of the options, but the term shall in no event be greater than five years from the date of issuance.

Options granted pursuant to the Plan will have an exercise price of not less than the closing price at which the Common Shares are traded on the TSX Venture Exchange, or such other principal market on which the Common Shares are then traded, on the business day immediately preceding the day when such options are granted, less any applicable discount permitted by such applicable exchange or market. Payment in full for optioned shares is necessary when any option is exercised.

Options are exercisable in whole on the occurrence of certain events involving a change of control of the Corporation as described in the Plan. If an optionee is dismissed or terminated as a director, officer, employee or consultant for cause, all unexercised Options may only be exercised on the date of such termination. In the event of the death of the optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the Option and one year after the optionee's death. In the event of the termination of employment or a consulting agreement for any other reason than cause or death of an optionholder, the optionholder may exercise such part of the option as is exercisable immediately prior to the time of such termination within a period which is the earlier of the normal expiry date of the Option and 90 days following such termination.

There were no options exercised during the fiscal year ending December 31, 2004.

It is currently proposed in connection with the Meeting that the shareholders of the Corporation re-approve the Plan as required by TSX Venture Exchange policies. See "Matters to be Acted Upon at the Meeting – Yearly Approval of Rolling Stock Option Plan" above.

### Compensation of Executive Officers

As at December 31, 2004, the Corporation had three executive officers (hereinafter the "Executive Officers"), who continue to serve with the Corporation. The President and Chief Executive Officer serves full-time and the Chief Scientific Officer and Chief Financial Officer serve part-time. The aggregate cash compensation (including salaries, fees (including Director's fees, if any), commissions, bonuses to be paid for services rendered, bonuses paid for services rendered in a previous year, and any compensation other than bonuses earned, the payment of which is deferred), paid to such Executive Officers and corporations controlled by them by the Corporation or the Subsidiaries for services rendered during the fiscal year ended December 31, 2004 was \$152,950. The Corporation did not pay or accrue any other aggregate additional direct non-cash compensation to the Executive Officers during the financial year ended December 31, 2004.

### *Summary Compensation Table*

The following table sets forth a summary of the cash compensation for services paid during the Corporation's most recently completed fiscal year ended December 31, 2003 to the Corporation's Executive Officers and the Corporation's (hereinafter the "Named Executive Officers").

Name and Principal Position	Dec. 31 Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Shares subject to Resale Restrictions (#)	LTIP Payouts (\$)	
James Chivers-Wilson, President and Chief Executive Officer	2004 2003	\$96,667 \$80,000	NIL NIL	NIL NIL	100,000 211,540	NIL NIL	NIL NIL	NIL NIL
Douglas Thomson, Chief Financial Officer	2004 2003	\$8,283 <sup>(1)</sup> --	NIL --	NIL --	50,000 --	NIL --	NIL --	NIL --
Dr. F. Jamali, Chief Scientific Officer and Vice President Research and Development	2004 2003	\$48,000 \$48,000	NIL NIL	NIL NIL	300,000 <sup>(2)</sup> 111,540	NIL NIL	NIL NIL	NIL NIL

Note:

- (1) This represents the amount paid to Mr. Thomson from commencement of his services to the Corporation on September 7, 2004. Prior to that time, the Corporation paid Colleen Ozee, who provided part-time CFO services. Ms. Ozee was paid a total of \$5,970 through CMW Management Ltd., a company controlled by Kerry Brown, Chairman.
- (2) In addition, Dr. Jamali received options to acquire 75,000 Common Shares as a director of the Corporation.

### *Options/SAR Grants During the Most Recently Completed Financial Year*

The following table sets forth information in respect of securities underlying the options granted to the Named Executive Officers during the Corporation's financial year ended December 31, 2003.

Name	Securities, Under Options/ SARs Granted (#)	% of Total Options/ SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/ SARs on the Date of Grant (\$/Security)	Expiration Date
James Chivers-Wilson	100,000	21.0%	\$0.23	\$0.23	May 19, 2009
Douglas Thomson	50,000	10.5%	\$0.16	\$0.16	Dec. 6, 2005
Dr. F. Jamali	300,000 <sup>(1)</sup>	63.0%	\$0.23	\$0.23	May 19, 2009

Note:

- (1) In addition, Dr. Jamali received options to acquire 75,000 Common Shares as a director of the Corporation.

***Aggregated Options/SARs Exercised During the Most Recently Completed Financial Year***

The following table sets forth information in respect of securities issued upon exercise of options held by the Named Executive Officers and other information during the Corporation's financial year ended December 31, 2004.

Name	Securities, Acquired on Exercise	Aggregate Value Realized (\$)	Unexercised Options/SARs as at December 31, 2004 Exercisable (#)	Unexercised Options/SARs as at December 31, 2004 Non-Exercisable (#)	Value of Unexercised in the Money Options/SARs as at December 31, 2004 Exercisable <sup>(2)</sup> (\$)	Value of Unexercised in the Money Options/SARs as at December 31, 2004 Non-Exercisable (\$)
James Chivers-Wilson	Nil	N/A	311,540	N/A	6,000	N/A
Douglas Thomson	Nil	N/A	50,000	N/A	6,000	N/A
Dr. F. Jamali	Nil	N/A	486,540	N/A	24,000	N/A

Note:

- (1) Based on the closing price as at December 30, 2004 (being the last day the shares traded prior to January 1, 2005), for the Corporation's Common Shares on the TSX Venture Exchange of \$0.29 per Common Share, less the exercise price.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under the Corporation's Equity compensation plans as at December 31, 2004.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders	1,384,620	\$0.44/share	43,203
Equity compensation plans not approved by securityholders	-	-	-
<b>Total</b>	<b>1,384,620</b>	<b>\$0.44/share</b>	<b>43,203</b>

**Employment Contracts**

Of the three Executive Officers, the Corporation has a full-time employment agreement with Mr. Chivers-Wilson, a consulting agreement with Mr. Douglas Thomson and a consulting agreement with Dr. Jamali and Dr. Jamali's personal consulting company.

Under the terms of the employment agreement with Mr. Chivers-Wilson dated April 22, 2002, the Corporation is obliged to pay compensation that is currently at \$100,000 per annum and any benefits offered to employees of the Corporation. The term of the agreement is for one year and is renewable upon agreement between the Corporation and Mr. Chivers-Wilson. Mr. Chivers-Wilson is entitled to participate fully in the Corporation's stock option plan and is entitled to be reimbursed for all reasonable travel and other out-of-pocket expenses incurred while employed. Mr. Chivers-Wilson has agreed to hold all information relating to the Corporation in the strictest confidence and will transfer to the Corporation all technology, data information and inventions he makes during the term of his employment with the Corporation. He has also agreed to a non-competition covenant for a period of one year following termination of his employment with the Corporation.

Under the terms of the consulting agreement with Dr. Jamali dated April 22, 2002, the Corporation is obliged to pay compensation of \$48,000 during the first year of the agreement with the amount to be reviewed thereafter. The amount has remained at \$48,000 per annum. The term of the agreement is until December 31, 2007. Dr. Jamali has agreed to hold all information relating to the Corporation in the strictest confidence and will transfer to the Corporation all his interest in any confidential information and any research and development of technology, as well as any inventions or intellectual property within the Corporation's field of interest during the term of his employment with the Corporation. He has also agreed to a non-competition covenant for a period of one year following termination of his employment with the Corporation.

Under the terms of the consulting agreement with Mr. Thomson dated September 7, 2004, the Corporation is obliged to pay Mr. Thomson hourly rates for his services as Chief Financial Officer and non-officer related services such as accounting related services. The term of the agreement is indefinite. Mr. Thomson is entitled to participate fully in the Corporation's stock option plan and is entitled to be reimbursed for all reasonable travel and other out-of-pocket expenses incurred in the course of his duties. Mr. Thomson has also agreed to hold all information relating to the Corporation in the strictest confidence.

#### Other Compensation

Other than as set forth above, the Corporation did not pay any additional compensation to the Named Executive Officers or Directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the most recently completed financial year of the Corporation.

### **AUDIT COMMITTEE INFORMATION**

#### Audit Committee Mandate and Terms of Reference

The Mandate and Terms of Reference of the Audit Committee of the board of director's is attached hereto as Schedule "A". The members of the Audit Committee are Marus Little (Chair), Kerry Brown and Robert G. Ingram.

#### Composition of the Audit Committee

With the exception of Kerry Brown, the members of the Audit Committee are independent and all are financially literate (in accordance with Multilateral Instrument 52-110). The Corporation is relying on an exemption from the requirement that all members of the Audit Committee be independent for the purposes of Multilateral Instrument 52-110.

#### Relevant Education and Experience

Mr. Little has a Bachelor of Commerce degree and has 30 years experience in the financial services sector. Mr. Little has managed his own company for over 10 years and has served on the board of another public company.

Mr. Brown is a Chartered Accountant. He is currently Chief Financial Officer of a public company and serves on the audit committees of two other public companies.

Mr. Ingram is a Chartered Accountant and a partner of Ingram & Company, a chartered accounting firm since 1970. Mr. Ingram currently serves as a director and member of the audit committee for 6 other public companies.

#### External Auditor Service Fees

##### ***Audit Fees***

The aggregate fees billed by the Corporation's external auditor in each of the last two fiscal years for audit services were \$14,000 for 2004 and \$16,000 for 2003.

##### ***Audit and Related Fees***

The aggregate fees billed in each of the last two fiscal years for assurance related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above were \$10,100 in 2004 and \$5,700 in 2003. Fees related to assistance

with the adoption of new accounting standards, assistance with issues regarding the recording of acquisitions, procedures performed on the quarterly tax provision prepared by a third party and preparation and attendance at due diligence meetings.

#### ***Tax Fees***

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning were \$2,000 in 2004 and \$2,000 in 2003. Services included preparation of the Corporation's tax returns and assistance with quarterly tax provisions.

#### ***All Other Fees***

No fees were billed in either of the last two fiscal years for products and services provided by the Corporation's auditors other than services reported above.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director or officer of the Corporation, or any associate of any such director or officer, is or has been, at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or has, at any time since the beginning of the most recently completed financial year of the Corporation, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, other than an advance by the Corporation to Dr. Jamali in the amount of \$15,078 in connection with the exercise of rights in February 2004 to subscribe for Common Shares and warrants of the Corporation.

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

#### Interest of informed persons in Material Transactions

There were no material interests, direct or indirect, of directors and executive officers of the Corporation, any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Management of the Corporation is not aware of any material interest in any matter to be acted on or any material transaction, direct or indirect, of any Director or Officer of the Corporation or of any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities or any associate or affiliate thereof.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2004 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management discussion and analysis are available upon request from the Corporation at 3048, 8308 – 114 Street, Edmonton, Alberta T6G 2E1 and are also available on the Corporation's website at <http://www.equitechcorporation.com>.

### **APPROVAL**

The contents and sending of this Information Circular - Proxy Statement has been approved by the Board of Directors of EquiTech Corporation.

DATED April 11, 2005.

## SCHEDULE "A"

### **EquiTech Corporation Audit Committee Charter**

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#### **Organization**

An Audit Committee shall be appointed annually by the Board and shall consist of at least three (3) members from among the directors of the Corporation. Each Audit Committee member shall where possible be an independent director, free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Committee.

All Audit Committee members shall be sufficiently versed in financial matters to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

The Board shall designate the Chair of the Committee.

#### **Statement of Policy**

The Committee shall fulfill its responsibilities within the context of the following principles:

1) **General**

The Committee expects the management of the Corporation to operate in compliance with the laws and regulations governing the Corporation and to maintain as strong a financial, reporting and control process as resources permit.

2) **Communications**

The Committee shall have direct, open and frank communications throughout the year with management, other Committee Chairs, and the external auditors.

3) **Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the Committee members, management and the external auditors.

4) **Information Needs**

The Committee expects that written materials will be received from management and the external auditors at least five (5) days in advance of meeting dates.

5) **In-Camera Meetings**

At each meeting, the Committee shall meet in private session and may meet with the external auditors, with management, and with the Committee members only.

6) **Reporting to the Board**

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

7) **The External Auditors**

The Committee expects that in discharging its responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Audit Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

### **Operating Procedures**

- 1) The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair upon the request of two (2) members of the Committee or at the request of the external auditors.
- 2) A quorum shall be a majority of the members.
- 3) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary at all meetings of the Committee.
- 4) In the absence of the Chair of the Committee, the members shall appoint an acting Chair.
- 5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each Director of the Corporation in a timely fashion.

### **Specific Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **Financial Reporting**

- 1) Review the Corporation's annual and quarterly financial statements with management and the external auditors to gain reasonable assurance that the statements are accurate, complete and in accordance with the GAAP. The Committee shall report thereon to the Board before the Board approves such financial statements.
- 2) Receive from the external auditors reports on their review of the annual and quarterly financial statements.
- 3) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee.
- 4) Review and, if appropriate, recommend approval to the Board of news releases, management discussion and analysis, AIF forms and reports to the shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements
- 5) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms, and similar disclosure documents to be issued by the Corporation.

#### **Accounting Policies**

- 1) Review with management and the external auditors the appropriateness of the Corporation's accounting policies and disclosures.
- 2) Review with management and the external auditors the Corporation's underlying accounting policies and any significant estimates and judgements.

#### **Risk and Uncertainty**

- 1) Review with management the significant financial risks and principal business risks facing the Corporation and gain reasonable assurance that they are being effectively managed or controlled.
- 2) Ascertain that policies and procedures are in place to minimize environmental, occupational health and safety, and other risks to asset value.
- 3) Review the adequacy of insurance coverages maintained by the Corporation.

- 4) Review regularly with management, the external auditors and the Corporation's legal counsel any legal claim or other contingency that could have a material effect upon the financial position of the Corporation.

#### Financial Controls and Control Deviations

- 1) Review the plans of the external auditors to gain reasonable assurance that the review and evaluation of internal financial controls is comprehensive, coordinated and cost effective.

#### Compliance with Laws and Regulations

- 1) Review regular reports from management and the external auditors with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements, environmental protection laws and regulations, various tax and other withholding accounts and other laws and regulations which expose directors to liability.

#### Relationship with External Auditors

- 1) Recommend to the Board the nomination of external auditors.
- 2) Approve the remuneration and the terms of engagement of the external auditors as set out in the engagement letter.
- 3) Review the performance of the external auditors annually.
- 4) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for any non-audit services by the Corporation.
- 5) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the general overall audit plan and the materiality levels, which the external auditors propose to employ. Review the results of the external audit with the external auditors including the auditors' report, overall presentation of the financial statements, any adjustments needed or contemplated, areas of difficulty and any changes to the original audit plan.
- 6) Meet with the external auditors in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations conducted by the external auditors or the reporting of their findings to the Committee.
- 7) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee.
- 8) On an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence.
- 9) Review and pre approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.

#### Other Responsibilities

- 1) Approve annually the reasonableness of the expenses of the Chief Executive Officer.
- 2) After consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance annually of the quality and sufficiency of the Corporation's accounting personnel.
- 3) Perform such other functions as may from time to time be assigned to the Committee by the Board.

- 4) Establish a procedure for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 5) Review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

#### **Accountability**

- 1) Review and update this Charter on a regular basis for approval by the Board.
- 2) From time to time, as requested by the Board, disclose its mandate and this Charter in the Corporation's statement of corporate governance practices.